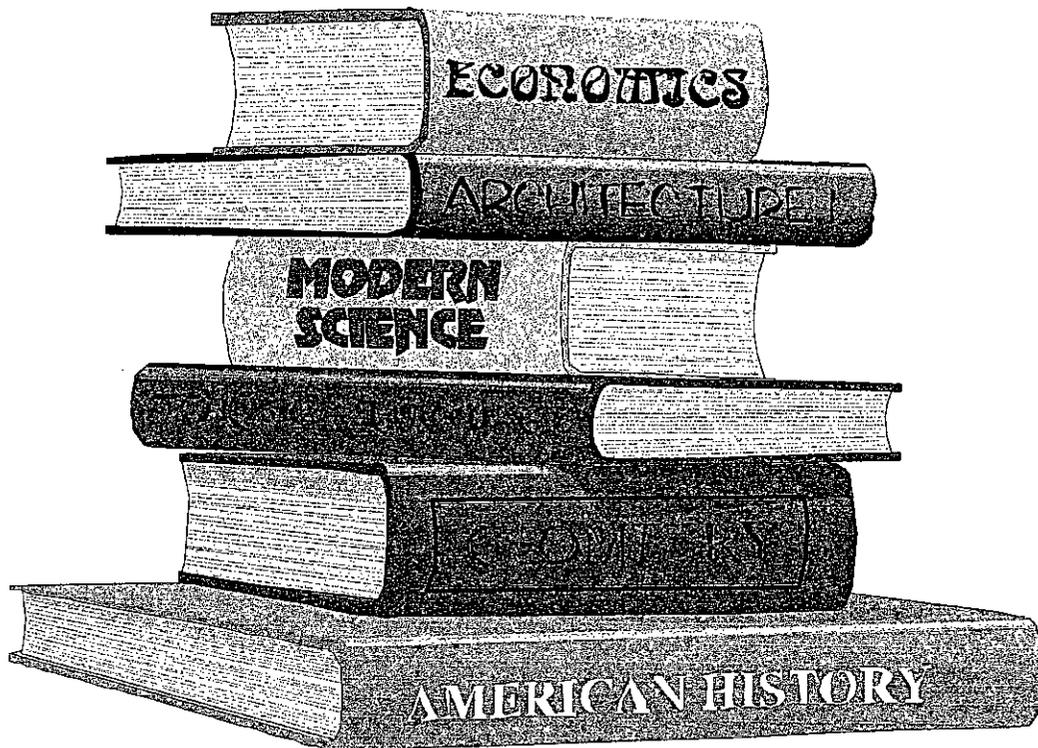


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2004



DESOTO PARISH SCHOOL BOARD Mansfield, Louisiana

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/26/05

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

**DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana**

For the Year Ended June 30, 2004

Mr. L.J. Mayweather, Jr.
President

Mr. Walter C. Lee
Superintendent

Mr. Steven Stanfield
Director of Business Services

Prepared by the Business Department

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2004

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DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2004

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DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Comprehensive Annual Financial Report

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DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Comprehensive Annual Financial Report

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INTRODUCTORY SECTION



DeSoto Parish School Board

201 Crosby Street - Mansfield, Louisiana 71052 - (318) 872-2836 - FAX (318) 872-1324



WALTER C. LEE,
Superintendent

December 3, 2004

RE: Financial Statement Transmittal Letter
for the Fiscal Year Ended June 30, 2004

To the Citizens of DeSoto Parish:

Louisiana law requires that an annual sworn financial statement be furnished to the Legislative Auditor within six months of the close of each fiscal year in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a certified public accountant. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the DeSoto Parish School Board for the year ended June 30, 2004.

This report consists of management's representations concerning the finances of the DeSoto Parish School Board. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the DeSoto Parish School Board has established a comprehensive internal control framework designed both to protect the School Board's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the DeSoto Parish School Board's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the DeSoto Parish School Board's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Allen, Green & Williamson, LLP, a firm of licensed certified public accountants, has audited the DeSoto Parish School Board's financial statements. The goal of the independent audit was to provide reasonable assurance the financial statements of the DeSoto Parish School Board for the fiscal year ended June 30, 2004 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the DeSoto Parish School Board's financial statements for the fiscal year ended June 30, 2004 are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the DeSoto Parish School Board was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of

To the Citizens of DeSoto Parish
December 3, 2004

the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the DeSoto Parish School Board's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The DeSoto Parish School Board's MD&A can be found immediately preceding the report of the independent auditors.

PROFILE OF THE DESOTO PARISH SCHOOL BOARD

The DeSoto Parish School Board was created by Louisiana Revised Statute (LSA-R.S.) 17:51 to provide public education for the children within DeSoto Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of 11 members who are elected from 11 districts for terms of four years.

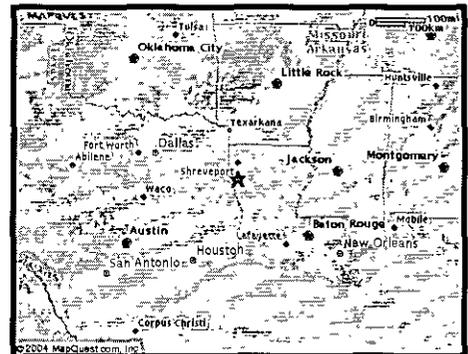
The School Board operates 12 schools within the parish, employs more than 795 teachers and other school workers, and has a total enrollment exceeding 5,000 pupils. In conjunction with the regular educational programs, some of these schools offer pre-kindergarten, special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

The Superintendent submits an annual operating budget to the School Board at its regular meeting in June of each year. The operating budget serves as the foundation for the DeSoto Parish School Board's financial planning and control. The proposed budget is made available for public inspection at least 15 days prior to the date of a public hearing and at least one public hearing is held, as required by Louisiana law, prior to its adoption by the School Board. Budget-to-actual comparisons are provided in this report for the General Fund and each individual Special Revenue Fund.

FACTORS AFFECTING FINANCIAL CONDITION

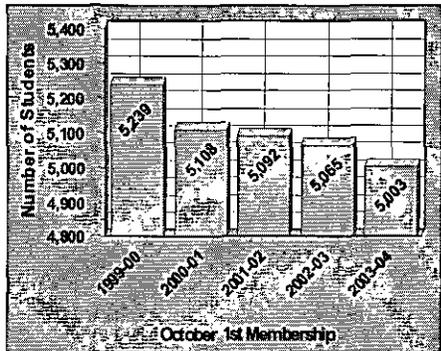
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the DeSoto Parish School Board operates.

Local economy: DeSoto Parish is located in the northwest corner of Louisiana. It has a land area of 879 square miles and is approximately 43 miles in length and 39 miles in width. Interstate 49 runs north and south through the parish and the northern boundary of DeSoto Parish is approximately 10 miles south of Shreveport, the largest metropolitan area of the region. The parish's economy is balanced among agriculture, mining, timber, oil & gas exploration, and manufacturing. Consistently low wealth and income levels, approximately 67% of the national averages, and high unemployment rate of 10.5% coincide with the School Board's shallow economic base.



To the Citizens of DeSoto Parish
December 3, 2004

Student Enrollment Trends



Students in grades K-12 decreased by 149 while the early childhood (4-year olds) increased by 87. The net effect shows school enrollment fell in fiscal year 2003-04 by 62 students. The bar chart to the left shows student enrollment (at October 1st) for the past 5 fiscal years.

Student enrollment impacts the budget in two ways: revenues received from state and federal sources, and the staffing of employees.

The decrease of 149 in kindergarten thru 12th grade students for FY 2003-04 resulted in a loss of approximately \$754,000 in state Minimum Foundation Program (MFP) revenues. The MFP is the State's cost of educating students in Louisiana and is based on a formula that allocates money to parish and city school systems. As a result of the loss of funds, 30-40 less administrative, teaching and support positions were approved by the Board when the budget for the new fiscal year was adopted.

The increase of 87 early childhood students brought in approximately \$223,000 additional operating revenues from the prior fiscal year. As a result, four additional employees were hired to help with these children.

Property Tax Values

Property tax values affect the second largest source of revenues (ad valorem tax revenues) for the school system. In fiscal year 2003-04, total property tax values in DeSoto Parish increased 1.14% to \$203 million. Taxable and homestead values reflect a minimal increases and decreases over the past five years as shown in the chart below.

Fiscal Year	Taxable Value	Homestead Value	Total Value	Increase (Decrease)
1999-00	\$ 170,774,840	\$ 27,213,002	\$ 197,987,842	3.59%
2000-01	168,921,426	28,493,946	197,415,372	(0.29)%
2001-02	168,000,348	29,339,407	197,339,755	(0.04)%
2002-03	169,911,297	30,817,819	200,729,116	1.72%
2003-04	170,629,279	32,404,785	203,034,064	1.15%

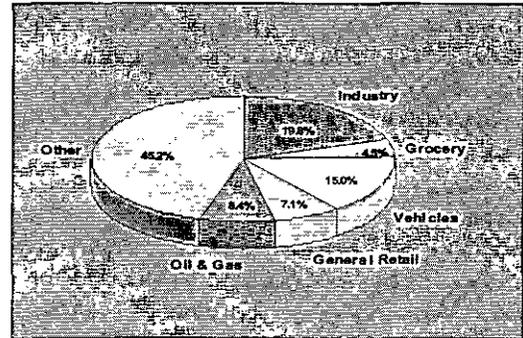
Modest increases or decreases in property tax values are being forecasted for the next few years. However, the DeSoto Parish Tax Assessor conservatively estimates that \$20 million will be added to the tax rolls in 2007-08 when a 10-year property tax exemption for International Paper Company (IP) will expire. In 1997, IP expanded its manufacturing facility and was granted this tax exemption by the State of Louisiana.

To the Citizens of DeSoto Parish
December 3, 2004

Sales & Use Tax Collections

Total sales and use tax collections for all eight governmental bodies in DeSoto Parish exceeded \$11.5 million in fiscal year 2003-04. Comparing total collections for the current fiscal year to the prior fiscal year shows a 1.98% increase.

The pie chart to the right shows approximately \$5.9 million of the total sales and use tax collections (51.9%) were received from the top 5 business classifications of taxpayers: industry, vehicle sales, retail sales, grocery sales, and oil & gas. This compares to 54.8% for the prior fiscal year.



Long-term financial planning: Each year the administration adopts educational goals and objectives as a vehicle to improve student learning. Thus, human and financial resources are allocated in the budget to achieve the adopted goals, and to support educational programs and services defined by the Board's mission. It is a delicate balance of policy choices. It also represents a delicate balance between the educational needs of the students and the ability of the community to provide the necessary financial support.

The No Child Left Behind Act and the State's Accountability System have placed mandates in the area of school performance in relationship to every student's achievement. Every student is to meet the same achievement objectives by 2014 irregardless of ability levels. With these mandates in place every school is expected to show continuous academic growth in all subgroups of students. Improvement is driven through several facets of funding as well as instructional areas such as special education, limited English proficiency, remediation, enrichment, and instructional strategies for poverty students. Never before has there been this kind of need to review achievement data in the areas of subgroups of students.

DeSoto Parish's goal is to not have a school in any level of School Improvement as defined by the State of Louisiana. A school that does not meet or make adequate progress toward its Growth Target or Subgroup Performance will enter into School Improvement. A school that enters into School Improvement will receive additional support and assistance through school analysis, school level and district assistance team planning, and individual school needs assessments. Schools meeting their growth targets and going beyond will receive reward money to be dedicated to the school improvement process.

The following chart reflects the status of each school to the goal defined above at the beginning of the 2004-05 school year. Additional information may be viewed at the Louisiana State Department of Education's web site <http://www.louisianaschools.net>.

Schools	School Performance Score		Growth Target				School Improvement (SI)
	Baseline - 2003	Growth 2004	Actual		Expected		
Logansport Elementary	87.7	92.2	+	4.5	+	2.7	Not in SI
Logansport High	80.8	83.4	+	2.6	+	3.3	SI-1
Mansfield Elementary PreK-2	58.2	69.3	+	11.1	+	5.1	Not in SI
Mansfield Elementary 3-5	58.2	69.3	+	11.1	+	5.1	Not in SI

To the Citizens of DeSoto Parish
December 3, 2004

Schools	School Performance Score		Growth Target			School Improvement (SI)	
	Baseline 2003	Growth 2004	Actual	Expected			
Mansfield Middle	66.0	63.3	-	2.7	+	4.5	SI-1
Mansfield High	73.3	70.7	-	2.6	+	3.3	SI-1
North DeSoto Elementary	96.5	96.2	-	0.3	+	2.0	SI-1
North DeSoto Middle	90.4	95.9	+	5.5	+	2.5	Not in SI
North DeSoto High	83.1	87.4	+	4.3	+	3.2	Not in SI
Pelican All-Saints High	63.4	64.3	+	0.9	+	4.7	SI-1
Stanley High	79.0	90.4	+	11.4	+	3.6	Not in SI

Cash management policies and practices: All cash receipts of the DeSoto Parish School Board are deposited on a daily basis in interest bearing checking accounts and secured by the bank against loss. The banks pledge securities to the School Board in excess of federal deposit insurance. These securities are held by a third party bank, are released by the School Board by written request only, and must equal or exceed 110% of the balance on deposit.

All monies not immediately needed are invested in certificates of deposit (CD). The maturities of these CDs range from 157 days to 1 year, with an average maturity of 287 days. An average yield of 1.40% was achieved during the 2003-04 fiscal year as compared to 1.56% for the prior fiscal year.

Risk management: The DeSoto Parish School Board recognizes that there are certain risks or liabilities that could be costly. Risk management is merely deciding how to best deal with those risks and to manage the problem accordingly. Insurance and designated reserves are a couple of ways to deal with those risks.

The School Board lowers its potential risks by purchasing insurance policies for (1) property and casualty, (2) errors and omissions, (3) general liability, (4) automobile liability, (5) employee fidelity, and (6) worker's compensation from A+ rated (AM BEST) companies that are approved by the Commissioner of Insurance for the State of Louisiana. The total costs for such coverage for the year ended June 30, 2004 was \$333,691.

The School Board also designated \$3,993,370 (65.9%) of its General Fund – fund balance for future claims and contingencies, equipment replacement, and specific projects. The majority of the designated fund balance is set aside for future claims and contingencies (\$2,094,919) such as the payment of severance pay, workmen's compensation liabilities, and property/casualty deductibles. Another \$1.9 million is designated for school bus purchases and technology upgrades.

Pension and other post employment benefits: The School Board provides a defined benefit pension plan for its employees through two cost-sharing multiple-employer statewide plans. The School Board has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the plan.

The School Board also provides post-retirement medical and life insurance benefits for its retired employees. As of the end of the current fiscal year, there were 264 retired employees receiving group medical benefits and 309 retired employees receiving group life insurance benefits, which are financed on a pay-as-you-go basis.

To the Citizens of DeSoto Parish
December 3, 2004

Additional information on the School Board's pension arrangements and post employment benefits can be found in notes 6 and 7 in the notes to the basic financial statements.

AWARDS

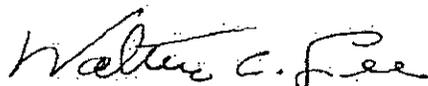
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. This was the 13th consecutive year that the DeSoto Parish School Board has received this prestigious award. In order to be awarded a Certificate of Achievement, the School Board published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting Award for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. This was the 13th consecutive year that the DeSoto Parish School Board has received this prestigious award. The award represents a significant achievement by the School Board and reflects our commitment to the highest standards of school system financial reporting.

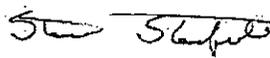
The Certificate of Achievement and Certificate of Excellence are valid for a period of one year only. We believe that our current CAFR continues to meet the certificate requirements, and we are submitting it to both GFOA and ASBO to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Business Department. We want to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given the Superintendent and the School Board Members for their unfailing support for maintaining the highest standards of professionalism in the management of the DeSoto Parish School Board's finances.



Walter C. Lee, Superintendent
DeSoto Parish Schools



Steven Stanfield, Director of Business
Services

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Certificate of Achievement for Excellence in Financial Reporting

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**DeSoto Parish School
Board, Louisiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Edward Henry

President

Jeffrey R. Emer

Executive Director

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Certificate of Excellence in Financial Reporting

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

DESOTO PARISH SCHOOL BOARD

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

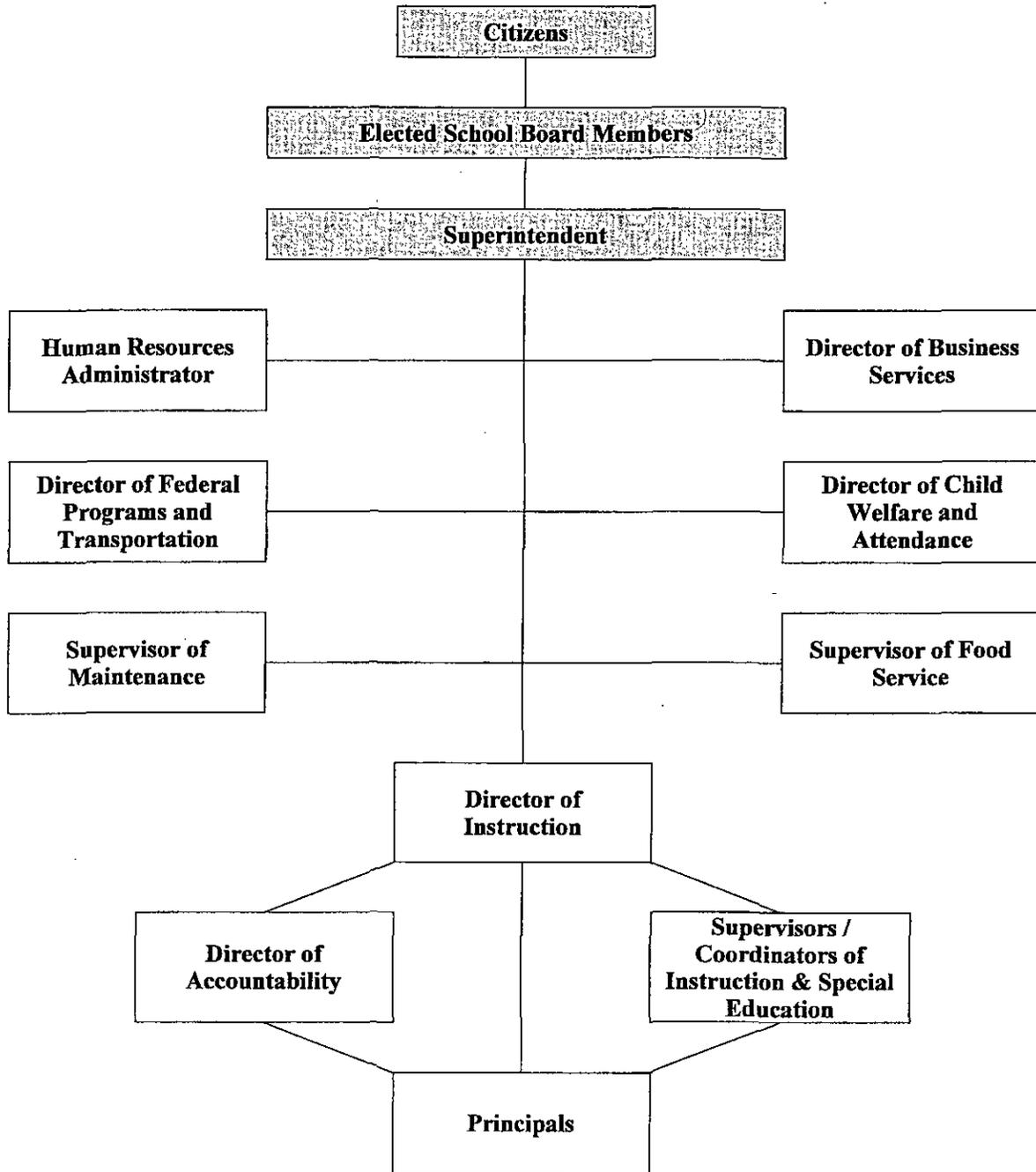
Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

William F. Felt
President

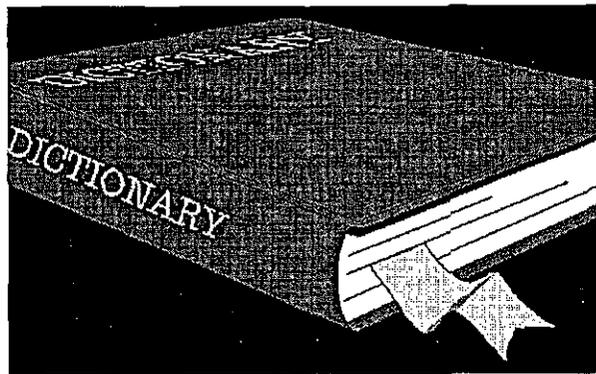
Barbara W. Keller
Executive Director

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Organizational Structure



**DeSoto Parish School Board
Mansfield, Louisiana**



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Elected School Board Members as of June 30, 2004

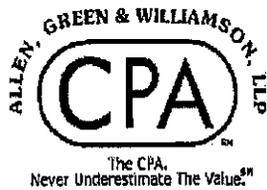
	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Began as a Board Member</u>
President			
Mr. L.J. Mayweather, Jr. District No. 11	10-01-2003	12-31-2006	January 1981
Vice President			
Mr. Johnny Haynes District No. 7	10-01-2003	12-31-2006	January 1999
Finance Committee Chairman			
Mr. Thomas Craig, Jr. District No. 9	11-01-2003	12-31-2006	January 1991
Mr. Dudley Glenn District No. 1	12-01-2003	12-31-2006	January 1999
Dr. Neil Henderson District No. 2	12-01-2003	12-31-2006	December 2003
Mr. McLawrence Fuller District No. 3	11-01-2003	12-31-2006	December 1980
Mr. Donald B. Dufour District No. 4	10-01-2003	12-31-2006	January 1991
Mrs. Patricia Hesser District No. 5	11-01-2003	12-31-2006	February 1994
Mr. Thomas J. Ryder District No. 6	12-01-2003	12-31-2006	December 2003
Mr. Mark Ross District No. 8	10-01-2003	12-31-2006	October 2003
Mrs. Mattie Williams District No. 10	10-01-2003	12-31-2006	October 2003

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Selected Administrative Officials as of June 30, 2004

<u>Name</u>	<u>Title</u>	<u>Years Experience</u>	<u>Began as an Administrator</u>
Mr. Walter C. Lee	Superintendent	42	07-1998
Mrs. Mary Alice Brasher	Early Childhood Coordinator	29	08-2003
Ms. Sherry Brokenberry	Supervisor of Food Service	28	10-2001
Mrs. Ruth Fields	Supervisor of Instruction	33	07-1999
Mrs. Debra Gamble	Human Resources Administrator	23	08-2004
Mr. James Grice	Supervisor of Maintenance	28	11-1985
Mrs. Margaret Gwinner	Supervisor of Special Education	19	07-2004
Mrs. Paulette Janavich	Supervisor of Instruction	29	07-1999
Mr. Willie Jones	Director of Federal Programs and Transportation	26	07-1996
Mr. Ronnie Land	Director of Child Welfare & Attendance	32	10-1988
Mr. Todd Lintzen	Director of Instruction	18	07-1999
Ms. Kathy Noel	Director of Accountability	22	07-1999
Mr. Steven Stanfield	Director of Business	23	01-1985
Mrs. Dorrett Williams	Supervisor of Instruction	36	07-1994

FINANCIAL SECTION



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Monroe, LA 71211-6075

2414 Ferrand Street
Monroe, LA 71201

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Fax: (318) 388-4664

Toll-free: (888) 741-0205
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Tim Green, CPA

Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired)
1963 - 2000

INDEPENDENT AUDITORS' REPORT

Board Members
DeSoto Parish School Board
Mansfield, Louisiana

We have audited the accompanying *financial statements* of the governmental activities, each major fund, and the aggregate remaining fund information of DeSoto Parish School Board as of and for the year ended June 30, 2004, which collectively comprise the School Board's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the *financial statements* referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School Board as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued under separate cover, our report dated December 3, 2004, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules as listed in the table of contents, are not a required part of the *basic financial statements* but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the *financial statements* that collectively comprise the School Board's basic financial statements. The accompanying information identified in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the *basic financial statements*. Such information has been subjected to the auditing procedures applied in the audit of the *basic financial statements* and, in our opinion, is fairly stated, in all material respects, in relation to the *basic financial statements* taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections are presented for purposes of additional analysis and is not a required part of the *basic financial statements* of the School Board. Such information has not been subjected to the auditing procedures applied in the audit of the *basic financial statements* and, accordingly, we express no opinion on it.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 3, 2004

**DeSoto Parish School Board
Mansfield, Louisiana**

REQUIRED SUPPLEMENTAL INFORMATION

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

We offer readers of the DeSoto Parish School Board's financial statements this narrative overview and analysis of the financial activities of the DeSoto Parish School Board for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Key financial highlights for the 2003-04 fiscal year include the following:

- Statement of Net Assets -- The assets of the DeSoto Parish School Board exceeded its liabilities at the close of the most recent fiscal year by \$27,399,066 (net assets). Of this amount, \$6,761,655 (unrestricted net assets) may be used to meet the government's obligations to students and creditors.
- Statement of Activities -- The total net assets of the DeSoto Parish School Board increased by \$1,208,790 the year ended June 30, 2004. Approximately 83.4% of that increase can be attributed to an increase in the net assets of the internal service fund.
- Governmental Funds Balance Sheet -- As of the close of the current fiscal year, the DeSoto Parish School Board's governmental funds reported a combined ending fund balance of \$9,725,981, a decrease of \$1,551,186 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately (1) \$6.1 million for spending within the General Fund, (2) \$1.2 million which is reserved for the payment of outstanding bond issues within the Debt Service Funds, and (3) \$1.3 million which is designated for specific construction projects within the Capital Projects Funds.
- Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances -- Total revenues for the year ended June 30, 2004 for the governmental funds of the DeSoto Parish School Board amounted to \$45,692,678. Approximately 80.5% of this amount is received from three major revenue sources: (1) \$18.8 million from Louisiana's State Equalization, (2) \$9.9 million from local ad valorem taxes, and (3) \$8.1 million from local sales and use taxes.
- General Fund's Ending Fund Balance -- At the end of the current fiscal year, unreserved fund balance for the General Fund, a major fund, was \$6,062,882, or 18.3% of total General Fund expenditures. Approximately \$4.0 million (designated) is set aside for future claims and contingencies, equipment replacement, and specific projects, while \$2.1 million (undesignated) is available for spending at the Board's discretion.
- Capital Assets -- Total capital assets (net of depreciation) were \$33,883,109 or 66.6% of the total assets. The School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Debt -- The DeSoto Parish School Board's total debt decreased \$2,114,067 (10.6 %) during the current fiscal year. The key factors are (a) a decrease of approximately \$2.2 million in bonded indebtedness, and (b) a net increase to compensated absences of approximately \$61,000.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

Overview of the Financial Statements

This management discussion and analysis are intended to serve as an introduction to the DeSoto Parish School Board's basic financial statements. The School Board's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the DeSoto Parish School Board's finances, in a manner similar to a private-sector business.

- The Statement of Net Assets presents information on all of the DeSoto Parish School Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the DeSoto Parish School Board is improving or deteriorating.
- The Statement of Activities presents information showing how the School Board's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The DeSoto Parish School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the DeSoto Parish School Board can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the DeSoto Parish School Board near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School Board's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

The DeSoto Parish School Board maintains 36 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund which is considered to be the only major fund. Data for the other 35 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The DeSoto Parish School Board adopts an annual appropriated budget for its General Fund and each individual Special Revenue Fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

- *Proprietary fund.* The DeSoto Parish School Board maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School Board's various functions. The School Board uses an internal service fund to account for the accumulation of resources for and the payment of employee medical insurance by the School Board's risk management program. Because this service predominantly benefits governmental functions, it has been included with governmental activities in the government-wide financial statements.
- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the DeSoto Parish School Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the DeSoto Parish School Board's own programs. The School Board maintains one fiduciary fund named the School Activity Agency Fund.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's compliance with budgets for its major funds. The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the DeSoto Parish School Board, assets exceed liabilities by \$27,399,066 at the close of the most recent fiscal year.

The largest portion of the DeSoto Parish School Board's net assets totaling more than \$18.2 million (66.6 %) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The School Board uses these capital assets to provide educational services to children and adults; consequently, these assets are not available for future spending. Although the DeSoto Parish School Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

DeSoto Parish School Board's Net Assets

	June 30, 2004	June 30, 2003
Current and other assets	\$ 17,024,481	\$ 17,330,136
Capital assets	33,883,109	34,664,176
Total assets	50,907,590	51,994,312
Current and other liabilities	5,645,248	5,489,687
Long-term liabilities	17,863,276	19,923,550
Total liabilities	23,508,524	25,413,237
Net assets:		
Invested in capital assets, net of related debt	18,219,109	16,879,176
Restricted	2,418,302	1,303,333
Unrestricted	6,761,655	8,398,566
Total net assets	\$ 27,399,066	\$ 26,581,075

A portion of the School Board's net assets of \$2,418,302 are reported separately to show the legal constraints for the payment of outstanding long-term debt obligations and designated capital projects, and to limit the School Board from using these funds for day-to-day operations. The remaining balance of unrestricted net assets totaling \$6,761,655 may be used to meet the School Board's ongoing obligations to citizens and creditors. Governmental activities increased the DeSoto Parish School Board's net assets by \$817,991 which was a 3.1% gain in the net assets. Key elements of this increase are as follows:

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

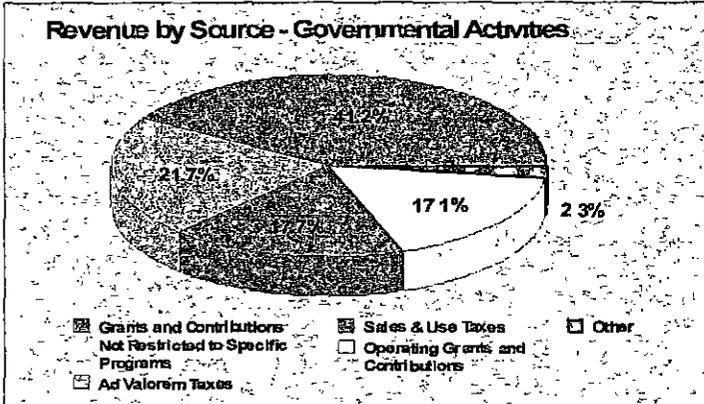
DeSoto Parish School Board's Changes in Net Assets

	Year ended June 30, 2004	Year ended June 30, 2003
Revenues:		
Program revenues:		
Charges for services	\$ 285,847	287,161
Operating grants and contributions	7,788,406	7,773,715
General revenues:		
Ad valorem taxes	9,892,920	10,204,534
Sales taxes	8,068,874	7,659,629
Grants and contributions not restricted to specific programs – Minimum Foundation Program	18,765,973	19,520,709
Interest on investments	153,895	210,284
Other general revenues	619,687	833,316
Total revenues	<u>45,575,602</u>	<u>46,489,348</u>
Expenses:		
Instruction:		
Regular programs	15,152,359	14,046,017
Special programs	10,240,351	9,814,467
Adult/continuing education	107,739	261,945
Support services:		
Pupil support services	1,208,202	1,237,968
Instructional staff support services	2,920,386	3,041,098
General administration	1,588,270	1,140,493
School administration	2,344,862	2,337,729
Business services	569,196	260,954
Plant services, including unallocated depreciation	3,926,626	4,980,762
Student transportation services	2,841,218	3,158,800
Central services	156,055	144,249
Food services operations	2,712,905	2,588,022
Debt service – interest on long-term obligations	598,643	998,853
Total expenses	<u>44,366,812</u>	<u>44,011,357</u>
Increase (decrease) in net assets	1,208,790	2,477,991
Net assets at beginning of year	26,581,075	24,103,084
 Prior period adjustment	 (390,799)	
 Net assets at beginning of the year, adjusted	 <u>26,190,276</u>	 <u>24,103,084</u>
Net assets at end of year	\$ <u>27,399,066</u>	<u>26,581,075</u>

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004



Revenues by Source – Governmental Activities

- Grants and Contributions Not Restricted To Specific Programs The single largest source of revenue to the DeSoto Parish School Board is reported in the “Grants and Contributions Not Restricted to Specific Program” and is commonly called the Minimum Foundation Program (MFP). The MFP is a distribution of approximately \$2.5 billion to 68 public school systems by the State of Louisiana for salaries and general operations. The State does not provide money for building schools or retiring debt. The distribution is based on a formula adopted by the Louisiana Board of Elementary and Secondary Education and approved by the Louisiana Legislature. The chart below lists the actual increases or decreases in MFP funds for the past 3 years.

<u>Fiscal Year</u>	<u>General Fund</u>	<u>School Food Service</u>	<u>Total MFP</u>	<u>Increase (Decrease)</u>
2001-2002	\$ 17,626,031	\$ 592,092	\$ 18,218,123	\$ 772,676 4.4%
2002-2003	18,886,285	634,424	19,520,709	1,302,586 7.1%
2003-2004	18,156,079	609,894	18,765,973	(754,736) (3.9)%

In FY 2003-04, the School Board received \$18,765,973 or 41.2% of its total revenues from the MFP. These revenues are deposited in the General Fund and the School Food Service only. Most of the \$754,736 or 3.9% decrease was realized when October 1st enrollment of students in grades kindergarten thru the 12th grade dropped from 4,840 to 4,691.

- Ad Valorem Tax Revenues Ad valorem tax revenues, also called property tax revenues, are the second largest source of revenue for the School Board. Ad valorem collections are based upon the number of mills (approved annually by the School Board) and the taxable assessed value (established by the DeSoto Parish Tax Assessor), subject to the limitations approved by the voters and the Louisiana Legislature. The chart below lists the ad valorem tax deposits for the past 3 years.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

Fiscal Year	General Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Ad Valorem Taxes	Increase (Decrease)	
2001-2002	\$ 6,848,283	\$ 1,163,345	\$ 1,784,924	\$ 9,796,552	\$ (236,941)	(2.4)%
2002-2003	7,076,873	1,188,634	1,939,027	10,204,534	407,982	4.2%
2003-2004	6,852,030	1,182,553	1,858,337	9,892,920	(311,614)	(3.1)%

In FY 2003-04, the School Board deposited \$9,892,920 of ad valorem tax revenues into the General Fund, 7-Mill Maintenance Tax Fund, and the Debt Service Funds. This represents 21.7% of the total revenues received. The General Fund received \$224,843 less property tax revenues from the prior fiscal year while the Debt Service Funds received \$80,690 less.

- **Sales and Use Tax Revenues:** Sales and use tax revenues are the third largest source of revenues for the DeSoto Parish School Board. A 2½% sales tax rate is levied upon the sale and consumption of goods and services within the parish for public school education. The chart below lists the sales and use tax revenues for the past 3 years.

Fiscal Year	General Fund	School Food Service	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Collections	Increase (Decrease)
2001-2002	\$ 4,889,570	\$ 251,302	\$ 1,047,491	\$ 209,018	\$ 6,397,381	29.1%
2002-2003	5,821,635	305,985	1,060,000	472,009	7,659,629	19.7%
2003-2004	6,133,959	322,755	1,059,500	552,660	8,068,874	5.3%

In FY 2003-04, the School Board deposited \$8,068,874 of sales and use tax revenues into the General Fund, School Food Service, Debt Service Funds, and Capital Projects Funds. This represents 17.7% of the total revenues received. Total collections increased approximately 5.3% or \$409,245 in fiscal year 2003-04 even though the rate did not increase.

- **Operating Grants and Contributions:** Operating grants and contributions are the fourth largest source of revenues for the School Board. Federal grants represent approximately \$6.8 million or 87.6% of the total while state grants represent approximately \$966,000 or 12.4%. These grants and contributions are specifically restricted to certain programs, and therefore, are netted against the costs of these programs to show a true net cost. The chart below shows the operating grants and contributions by funding source.

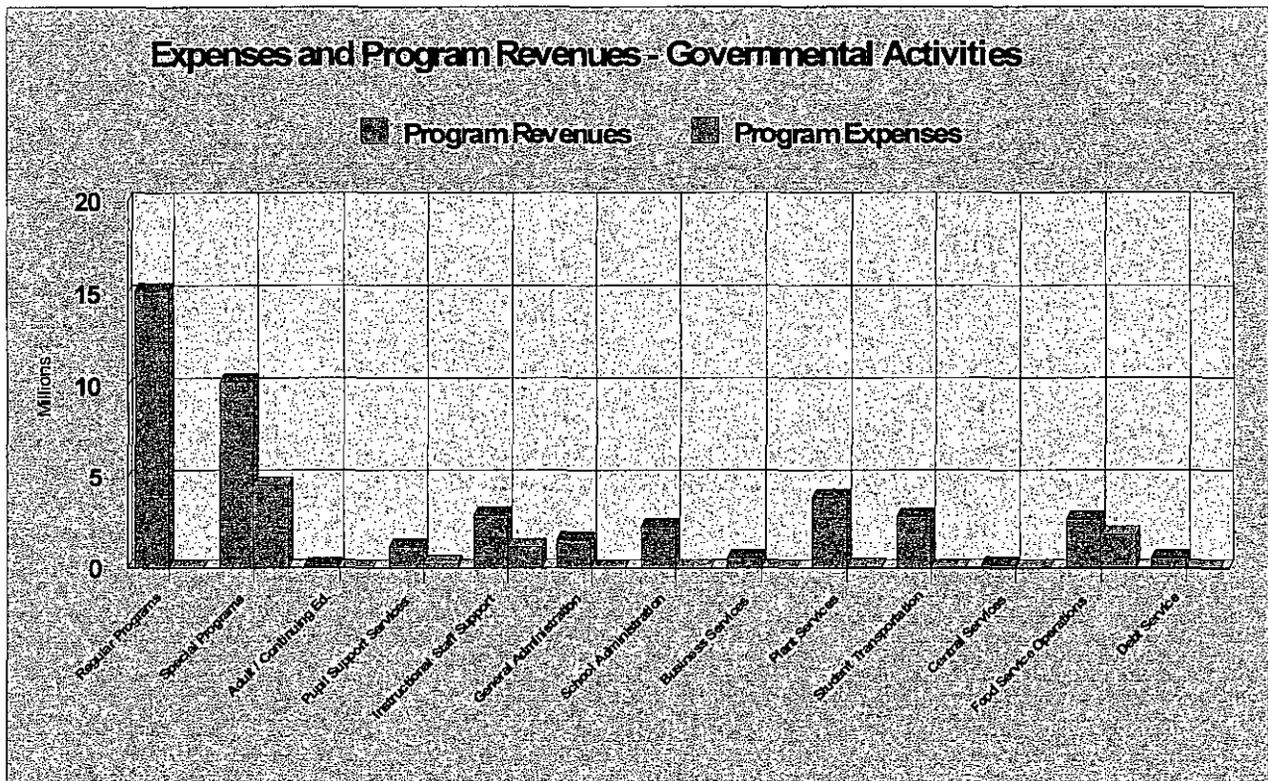
DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

Fiscal Year	School Food Service	Title I	Early Childhood Programs	Other Operating Grants and Contributions	Total	Increase (Decrease)
2001-2002	\$ 1,429,614	\$ 1,330,195	\$ 400,350	\$ 2,528,408	\$ 5,688,567	12.3%
2002-2003	1,479,900	1,510,811	1,142,291	3,640,713	7,773,715	36.7%
2003-2004	1,556,273	1,506,664	1,025,804	3,699,665	7,788,406	0.2%

In FY 2003-04, the School Board received an additional 0.2% or \$14,691 in operating grants and contributions. School Food Service, Title I, and Early Childhood Programs account for \$4.1 million or 52.6% of the total operating grants and contributions received.



Expenses and Program Revenues – Governmental Activities

Expenses are classified by functions/programs. The related revenues are comprised of specific charges for the services and operating grants and contributions received to offset the expenses for the specific program. The program revenues for fiscal 2004 directly related to these expenses totaled \$7,788,406, which, along with

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

charges for services of \$285,847, resulted in net program expenses of \$36,292,559. These net program expenses are funded by general revenues of the School Board.

- **Instruction:** Expenses for regular programs, special programs, and adult/continuing education are considered instructional services and relate to direct expenses of providing instruction to students. Instruction services for fiscal 2004 totaled more than \$25.5 million or 57.5% of total expenditures. As shown in the chart below, instruction services increased approximately \$1.4 million.

<u>Fiscal Year</u>	<u>Regular Programs</u>	<u>Special Programs</u>	<u>Adult / Continuing Education</u>	<u>Instruction Total</u>	<u>Increase (Decrease)</u>
2001-2002	\$ 14,383,330	\$ 8,472,250	\$ 195,978	\$ 23,051,558	21.5%
2002-2003	14,046,017	9,814,467	261,945	24,122,429	4.6%
2003-2004	15,152,359	10,240,351	107,739	25,500,449	5.7%

Employee salary step increases and employer contribution rates for the Louisiana Teachers' Retirement System and the School Employees Retirement system increased employee benefits during FY 2003-04 for all instructional services of approximately \$300,000. Nine additional regular education teachers added \$485,000 to regular programs while 4 additional teachers and 4 aides were hired in the early childhood (4-year old) programs added \$300,000 to Special Programs.

- **Support Services:** Support Services relate to those functions that facilitate the Instructional Services. Support services include Pupil Support, Instructional Staff Support, General Administration, School Administration, Business Services, Plant Services, Transportation Services, Central Services and Food Services. Support services for fiscal 2004 totaled approximately \$18.3 million or 41.2% of total expenditures. The chart below shows that Support Services fell 3.3% or \$622,355 from the prior fiscal year with the majority of the decrease occurring in Plant Services.

<u>Fiscal Year</u>	<u>Instruct. Staff Support</u>	<u>Plant Services</u>	<u>Student Trans.</u>	<u>Food Service</u>	<u>Other</u>	<u>Support Services Total</u>	<u>Increase (Decrease)</u>
2001-2002	\$ 2,523,993	\$ 4,776,157	\$ 2,729,577	\$ 2,548,621	\$ 5,070,482	\$ 17,648,830	9.4%
2002-2003	3,041,098	4,980,762	3,158,800	2,588,022	5,121,393	18,890,075	7.0%
2003-2004	2,920,386	3,926,626	2,841,218	2,712,905	5,866,585	18,267,720	(3.3)%

Plant services decreased \$1,054,136 due mainly to unallocated depreciation which was included with plant services for fiscal 2003 and was allocated over several functions for fiscal 2004. Student Transportation Services decreased approximately \$317,000 when six regular transportation buses and one special education buses were transferred from contract drivers to board owned.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

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June 30, 2004

- **Debt Service – Interest on Long Term Obligations:** The remaining \$598,643 (1.3%) of total expenditures consists of interest expense on long-term obligations. Interest on Long Term Obligations declined 59.9% or approximately \$400,210 from the prior fiscal year and will continue to decline each year until fiscal year 2016-17 when the last interest and principal payments are due unless additional debt is issued.

<u>Fiscal Year</u>	<u>Interest on Long Term Obligations</u>	<u>Increase (Decrease)</u>
2001-2002	\$ 1,067,117	(9.9)%
2002-2003	998,853	(6.4)%
2003-2004	598,643	(40.0)%

Financial Analysis of Governmental Funds

As noted earlier, the DeSoto Parish School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the DeSoto Parish School Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the DeSoto Parish School Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School Board's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the DeSoto Parish School Board's governmental funds reported a combined ending fund balance of \$9,725,981, a decrease of \$1,551,186 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately (1) \$6.1 million available for spending within the General Fund, (2) \$1.2 million reserved for the payment of outstanding bond issues within the Debt Service Funds, and (3) \$1.3 million designated for specific projects within the Capital Projects Funds.
- The General Fund is the chief operating fund of the DeSoto Parish School Board. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$6,062,882. The School Board has designated 65.9% of that fund balance for future claims and contingencies, equipment replacement, and specific projects. The remaining 34.1% or \$2,069,512 (undesignated) is available for spending at the Board's discretion.
- Title I is a non-major special revenue fund and is used to account for grants and related expenditures associated with providing educational opportunities to educationally deprived children. For the fiscal year 2003-04, \$1,506,664 was received from a federal grant and expended to improve skills in reading, language arts, and math.
- The School Food Service is a non-major special revenue fund and is used to account for revenues and costs associated with providing nutritious meals to school children and employees. For the year ended June 30, 2004, the unreserved fund balance was \$879,986, an increase of \$116,141 from the previous

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

fiscal year. This unreserved fund balance is designated for unforeseen circumstances in the school breakfast and lunch programs.

- The Debt Service Funds have a total fund balance of \$1,239,870, all of which is reserved for the payment of debt. A net decrease of \$63,461 occurred during the current fiscal year as a result of the School Board's reserve policy to have at least 40%, but not greater than 75%, of next year's principal and interest payments in reserve. This percent was 53.3% at June 30, 2004.
- The Capital Projects Funds have a total fund balance of \$1,337,522, all of which is designated for capital improvements. A net decrease of \$138,411 occurred during the current fiscal year.

General Fund Budgetary Highlights

The original budget for the School Board was adopted on June 5, 2003, and the final budget amendment was adopted on June 17, 2004. Differences between the original budget and the final amended budget of the General Fund are as follows:

Revenues

- Ad valorem tax collections were based on a projected taxable assessed value of \$171 million along with a 98.5% collection rate. The budget was increased \$186,209 when the actual collection rate exceeded 98.5%.
- Sales and Use Tax revenues were estimated to grow 5.4% based on estimates from the DeSoto Parish Sales and Use Tax Commission. The budget was increased \$457,067 after collections for the first six months of the fiscal year showed a higher growth rate.
- State Equalization was estimated at \$4,153 per student and an October 1st student count of 4,759. However, when the final appropriation was received from the State Department of Education in March 2004, the amount had dropped to \$4,000 per student. This was a decrease of \$153 per student when past history has shown an average increase of \$156 per student. Since this is the largest source of revenue and because the actual number of students on October 1st was 4,691, the budget was not lowered \$965,746 until the final appropriation was received.
- Revenues from state grants for specific programs were increased \$174,312 throughout the year as competitive state grants were awarded to the school system.

Expenditures

- Expenditures for state grants for specific programs were increased \$330,000 throughout the year as competitive state grants were awarded to the school system.
- Instructional Staff Services were increased \$230,000 to help schools and teachers who have been defined by the State Department of Education as being in corrective action. Three coordinating teachers were hired and they assisted teachers in implementing better core academic instructional strategies.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2004

- The purchase of six regular education school buses and two special education bus increased the budget \$398,000.

Other Financing Sources / Uses

- A budget adjustment of \$684,757 was approved by the Board to transfer monies to the self-funded group medical insurance program.

Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses

- The original budget projected a surplus of \$2,796 and was later amended and projected to have a deficiency of \$1,675,637. Receiving less State Equalization funds of approximately \$965,000 and transferring approximately \$685,000 to the Internal Service Fund for the self funded group medical insurance program were the main reasons for the budget revisions.

Capital Assets and Debt Administration

Capital Assets: The DeSoto Parish School Board's investment in capital assets as of June 30, 2004 amounts to \$33,883,109 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of each fiscal year.

**DeSoto Parish School Board's Capital Assets
(net of depreciation)**

	2004		2003
Land	1,495,645	\$	1,210,645
Buildings, building improvements, and land improvements	30,034,272		31,264,369
Furniture, equipment and vehicles	2,290,265		1,781,051
Construction in progress – buildings	62,927		17,315
Total	33,883,109	\$	34,273,380

Major capital asset events during the fiscal year included the following:

- An additional 42 acres was purchased in the North DeSoto school district increased land values \$285,000.
- Six regular education school buses, two special education school bus, and one transportation truck were purchased in June 2004 totaling \$457,846.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Management's Discussion and Analysis

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- Depreciation expense for the year (1) lowered buildings, building improvements, and land improvements values and (2) reduced furniture, equipment and vehicle values a total of \$1,608,744.

Long-Term Debt: At the end of the current fiscal year, the DeSoto Parish School Board had total bonded debt outstanding of \$15,664,000. Of this amount, \$13,040,000 is backed by the full faith and credit of the government. The following table summarizes bonds outstanding at June 30, 2004 and 2003.

DeSoto Parish School Board's Outstanding Debt

	<u>2004</u>		<u>2003</u>
General obligation bonds	13,040,000	\$	14,925,000
Sales tax bonds	139,000		155,000
Certificates of indebtedness	2,485,000		2,705,000
Deferred gain on refunding			53,793
Total	<u>15,664,000</u>	\$	<u>17,838,793</u>

Long-term debt issues for fiscal year 2003-04 include the following:

- Total outstanding debt decreased \$2,174,793 during the fiscal year.
- The DeSoto Parish School maintains a bond rating of "BBB" from Standard & Poor's for its general obligation bonds for School Districts No. 3, 4 and 5.
- Louisiana statutes limit the amount of general obligation debt the School Board may issue to 35% of its total assessed valuation. The current debt limitation for the DeSoto Parish School Board is \$71.0 million, which is significantly higher than the \$13.0 outstanding at June 30, 2004.

For additional information regarding capital assets and long-term debt, see the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered when the budget for FY 2004-05 was presented to the Board:

- Enrollment forecasts prepared by the School Board indicate no change to the number of K-12 students that will enter school in DeSoto Parish next year. Applying the projected per pupil amount (\$4,153) to the number of K-12 students projected (4,691) for the next school year, the Minimum Foundation Program will be approximately \$19.3 million or \$533,306 more than the prior fiscal year.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Management's Discussion and Analysis

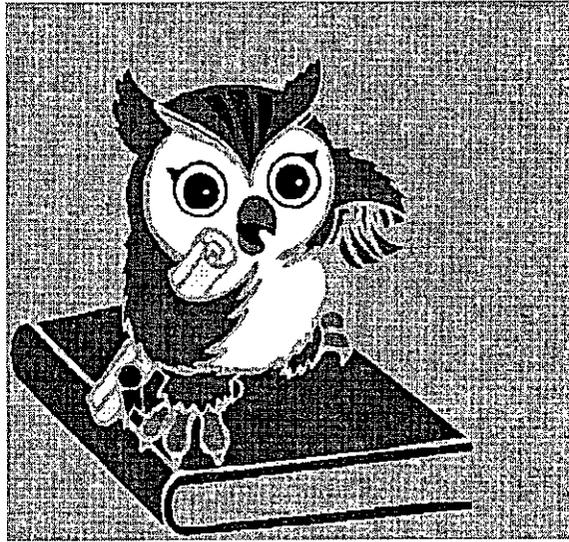
June 30, 2004

- Information from the DeSoto Parish Sales Tax Assessor shows the taxable values of property tax assessments will increase 1.0% from \$170.6 million to \$171.0 million. The land use of the parish is balanced among agriculture, mining, timber, and manufacturing. In fact, the top 10 principal taxpayers represent 55.9% of the total taxable value. Total ad valorem collections are not expected to drop below \$10.3 million.
- Information from the DeSoto Parish Sales and Use Tax Commission shows that sales and use tax collections will remain constant at approximately \$7.1 million.
- The unemployment rate in DeSoto Parish is presently at 10.5%. This rate has been between 6.4% and 10.9% for the past five years.
- The Board is expected to increase the amount of debt that is outstanding by \$12 million after the voters in School District No. 2 (North DeSoto) on September 18, 2004 approved a proposition to incur debt and issue bonds for the main purpose of building a new middle school and renovating the existing elementary and middle schools.

Requests for Information

This financial report is designed to provide a general overview of the DeSoto Parish School Board's finances for all those with an interest in the School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Business Services of the DeSoto Parish School Board, 201 Crosby Street, Mansfield, LA 71052-2637, or by calling (318) 872-2836.

**DeSoto Parish School Board
Mansfield, Louisiana**



**DeSoto Parish School Board
Mansfield, Louisiana**

**BASIC FINANCIAL STATEMENTS:
GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

DESOTO PARISH SCHOOL BOARD

STATEMENT OF NET ASSETS
June 30, 2004

Statement A

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 11,495,869
Investments	3,293,500
Receivables (net)	2,212,350
Inventory	22,762
Capital assets:	
Land	1,495,645
<i>Capital assets, net of depreciation</i>	<u>32,387,464</u>
TOTAL ASSETS	<u>50,907,590</u>
LIABILITIES	
Accounts, salaries and other payables	5,378,106
Deferred revenues	108,052
Interest payable	159,090
Long-term liabilities	
Due within one year	2,509,239
Due in more than one year	<u>15,354,037</u>
TOTAL LIABILITIES	<u>23,508,524</u>
NET ASSETS	
Invested in capital assets, net of related debt	18,219,109
Restricted for:	
Debt service	1,080,780
Capital projects	1,337,522
Unrestricted	<u>6,761,655</u>
TOTAL NET ASSETS	<u>\$ 27,399,066</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SCHOOL BOARD

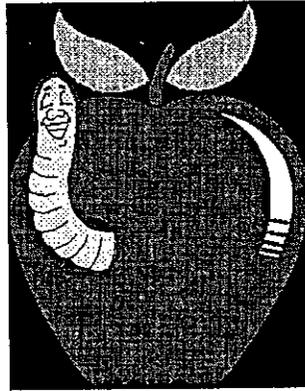
**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004**

Statement B

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
FUNCTIONS/PROGRAMS				
<i>Governmental activities:</i>				
<i>Instruction:</i>				
Regular programs	\$ 15,152,359	\$ 0	\$ 0	\$ (15,152,359)
Special programs	10,240,351		4,580,323	(5,660,028)
Adult/continuing education programs	107,739		67,299	(40,440)
<i>Support services:</i>				
Pupil support services	1,208,202		247,519	(960,683)
Instructional staff support	2,920,386		1,209,867	(1,710,519)
General administration	1,588,270		5,243	(1,583,027)
School administration	2,344,862			(2,344,862)
Business services	569,196		4,944	(564,252)
Plant services	3,926,626		114,149	(3,812,477)
Student transportation services	2,841,218		2,789	(2,838,429)
Central services	156,055		0	(156,055)
Food services	2,712,905	285,847	1,556,273	(870,785)
Interest on long-term debt	598,643	0	0	(598,643)
Total Governmental Activities	44,366,812	285,847	7,788,406	0
General revenues:				
Taxes:				
Ad valorem taxes levied for general purposes				8,034,583
Ad valorem taxes levied for debt service purposes				1,858,337
Sales taxes levied for capital improvements				552,660
Sales taxes levied for salaries, benefits and general purposes				7,516,214
State revenue sharing				304,425
Grants and contributions not restricted to specific programs				
Minimum Foundation Program				18,765,973
Interest and investment earnings				153,895
Miscellaneous				315,262
Total general revenues				37,501,349
Changes in net assets				1,208,790
Net assets - beginning				26,581,075
Prior Period Adjustment				(390,799)
Net assets - beginning, adjusted				26,190,276
Net assets - ending				\$ 27,399,066

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DeSoto Parish School Board
Mansfield, Louisiana**



**DeSoto Parish School Board
Mansfield, Louisiana**

**BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)**

DESOTO PARISH SCHOOL BOARD

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2004

Statement C

	GENERAL	OTHER GOVERNMENTAL	TOTAL
ASSETS			
Cash and cash equivalents	\$ 4,906,982	\$ 3,607,844	\$ 8,514,826
Investments	2,830,000	463,500	3,293,500
Receivables	946,275	1,266,075	2,212,350
Interfund receivables	666,582	0	666,582
Inventory	0	22,762	22,762
TOTAL ASSETS	9,349,839	5,360,181	14,710,020
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	3,286,957	922,448	4,209,405
Interfund payables	0	666,582	666,582
Deferred revenues	0	108,052	108,052
Total Liabilities	3,286,957	1,697,082	4,984,039
Fund Balances:			
Reserved for:			
Inventory	0	22,762	22,762
Debt Service	0	1,239,870	1,239,870
Unreserved:			
Designated for future claims and contingencies	2,094,919	0	2,094,919
Designated for equipment replacement	1,822,638	0	1,822,638
Designated for specific projects	75,813	0	75,813
Designated for specific projects, reported in nonmajor capital project funds	0	1,337,522	1,337,522
Undesignated	2,069,512	0	2,069,512
Unreserved, reported in nonmajor Special Revenue	0	1,062,945	1,062,945
Total Fund Balances	6,062,882	3,663,099	9,725,981
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,349,839	\$ 5,360,181	\$ 14,710,020

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2004**

Statement D

Total fund balances - governmental funds \$ 9,725,981

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$ 58,382,271	
Depreciation expense to date	<u>(24,499,162)</u>	
		33,883,109

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.

Balances at June 30, 2004 are:

Long-term liabilities		
Compensated absences payable	(2,199,276)	
General obligation bonds payable	(13,040,000)	
Revenue bonds payable	(139,000)	
Certificate of Indebtedness payable	(2,485,000)	
Interest payable	<u>(159,090)</u>	
		(18,022,366)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities .

1,812,342

Net Assets - Governmental Activities

\$ 27,399,066

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2004**

Statement E

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 6,852,030	\$ 3,040,890	\$ 9,892,920
Sales and use	6,133,959	1,934,915	8,068,874
Interest earnings	107,920	35,111	143,031
Food services	0	0	0
Other	443,202	285,847	729,049
State sources:			
Equalization	18,156,079	609,894	18,765,973
Other	1,217,006	55,792	1,272,798
Federal sources	0	6,820,033	6,820,033
 Total Revenues	 <u>32,910,196</u>	 <u>12,782,482</u>	 <u>45,692,678</u>
 EXPENDITURES			
Current:			
Instruction:			
Regular programs	14,289,810	0	14,289,810
Special programs	6,856,638	3,503,029	10,359,667
Adult/continuing education programs	45,731	63,703	109,434
Support services:			
Pupil support services	1,000,980	229,764	1,230,744
Instructional staff support	1,859,311	1,099,945	2,959,256
General administration	571,463	467,167	1,038,630
School administration	2,306,505	0	2,306,505
Business services	568,417	6,743	575,160
Plant services	2,274,145	1,655,419	3,929,564
Student transportation services	2,754,902	20,156	2,775,058
Central services	156,139	0	156,139
Food services	0	2,631,543	2,631,543
Capital outlay	486,682	752,906	1,239,588
Debt service:			
Principal retirement	0	2,211,000	2,211,000
Interest and bank charges	0	656,225	656,225
 Total Expenditures	 <u>33,170,723</u>	 <u>13,297,600</u>	 <u>46,468,323</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 <u>\$ (260,527)</u>	 <u>\$ (515,118)</u>	 <u>\$ (775,645)</u>

(CONTINUED)

DESOTO PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2004**

Statement E

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 0	\$ 285,860	\$ 285,860
Transfers out	(1,020,617)	0	(1,020,617)
Refunding bond proceeds	0	4,205,000	4,205,000
Payments to bond escrow agent	<u>0</u>	<u>(4,245,784)</u>	<u>(4,245,784)</u>
 Total Other Financing Sources (Uses)	 <u>(1,020,617)</u>	 <u>245,076</u>	 <u>(775,541)</u>
 Net Change in Fund Balances	 (1,281,144)	 (270,042)	 (1,551,186)
 FUND BALANCES - BEGINNING	 <u>7,344,026</u>	 <u>3,933,141</u>	 <u>11,277,167</u>
 FUND BALANCES - ENDING	 <u>\$ 6,062,882</u>	 <u>\$ 3,663,099</u>	 <u>\$ 9,725,981</u>

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2004**

Statement F

Total net change in fund balances - governmental funds \$ (1,551,186)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense for assets over the capitalization threshold. This is the amount by which depreciation exceeds capital outlays in the period:

Capital asset disposals, net	(21,112)	
Capital outlay additions	1,239,588	
Depreciation expense	<u>(1,608,744)</u>	(390,268)

The issuance of long-term debt provides financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Repayment of bond principal	6,326,000	
Amortization of bond issue cost and deferred gain on refunding	23,956	
Receipt of bond proceeds - refunding	<u>(4,205,000)</u>	2,144,956

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 57,582

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$ 242,965) exceeded the amounts used \$182,239 by \$ 60,726. (60,726)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities. 1,008,432

Change in net assets of governmental activities \$ 1,208,790

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SCHOOL BOARD
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS
Statement of Net Assets
June 30, 2004

Statement G

ASSETS

Cash and cash equivalents \$ 2,981,043

TOTAL ASSETS 2,981,043

LIABILITIES

Accounts payable 6,243

Medical claims payable 1,162,458

TOTAL LIABILITIES 1,168,701

NET ASSETS

Unrestricted 1,812,342

TOTAL NET ASSETS \$ 1,812,342

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTREGRAL PART OF THIS STATEMENT.

DESOTO PARISH SCHOOL BOARD

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For The Year Ended June 30, 2004

Statement H

OPERATING REVENUE	
Medical premiums	\$ <u>5,547,343</u>
OPERATING EXPENSES	
Claims	4,717,580
Administration	379,249
Insurance	<u>187,703</u>
Total operating expenses	<u>5,284,532</u>
Operating income	262,811
NONOPERATING REVENUES	
Earnings on investments	<u>10,864</u>
Income before transfers	273,675
Transfers in	<u>734,757</u>
Change in Net Assets	1,008,432
NET ASSETS - BEGINNING	<u>803,910</u>
NET ASSETS - ENDING	<u>\$ 1,812,342</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SCHOOL BOARD

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

Statement of Cash Flows

For the Year Ended June 30, 2004

Statement I

CASH FLOWS FROM OPERATING ACTIVITIES	
<i>Medical premiums received</i>	\$ 5,718,224
Administrative fees paid	(373,006)
Premiums paid	(187,703)
Claims paid	<u>(4,506,734)</u>
Net cash provided by operating activities	650,781
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	<u>734,757</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Earnings on investments	<u>10,864</u>
Net increase (decrease) in cash and cash equivalents	1,396,402
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,584,640</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>2,981,043</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
<i>Operating income (loss)</i>	262,811
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	6,243
(Increase) decrease in receivables	170,881
(Increase) decrease in prepaids	168,960
Increase (decrease) in claims payable	<u>41,886</u>
Net cash provided (used) for operating activities	<u>\$ 650,781</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SCHOOL BOARD
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2004

Statement J

	<u>AGENCY FUND</u>
ASSETS	
Cash and cash equivalents	\$ 377,134
Investments	<u>25,000</u>
Total assets	<u>402,134</u>
 LIABILITIES	
Accounts payable	27,026
Deposits due others	<u>375,108</u>
Total liabilities	<u>\$ 402,134</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DeSoto Parish School Board
Notes to the Basic Financial Statements**

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DeSoto Parish School Board
Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: The accompanying financial statements of the DeSoto Parish School Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY: The DeSoto Parish School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education for the children within DeSoto Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of eleven members who are elected from eleven districts for concurrent terms of four years.

The School Board operates twelve schools within the parish with a total enrollment of approximately 5,000 pupils. In conjunction with the regular educational programs, some of these schools offer pre-kindergarten, special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

B. FUNDS: The accounts of the School Board are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the School Board are classified into three categories: governmental, proprietary, and fiduciary.

Governmental Funds: Governmental funds are used to account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The School Board reports the following major governmental funds:

General Fund – the primary operating fund of the School Board. It accounts for all financial resources of the School Board, except those required to be accounted for in another fund.

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on measurement, which, together with the maintenance of equity is an important financial indicator. The School Board reports the following proprietary fund:

Internal Service Fund – used to account for medical and medical insurance for employees of the School Board on a cost reimbursement basis.

Fiduciary Funds: Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments.

Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

DeSoto Parish School Board
Notes to the Basic Financial Statements

School Activities Fund – accounts for assets held by the School Board as an agent for the individual schools and school organizations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS): The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

The School Board applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradicts GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as necessary.

Internal activities: *The employees' medical insurance internal service fund provides services to the governmental funds. Accordingly, the employees' medical insurance fund activity was rolled up into the governmental activities. Pursuant to GASB Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments,* as much as possible, the internal activities have been eliminated in order to avoid the "grossing-up" effect of a straight inclusion.

Program revenues: Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Charges for services are primarily derived from cafeteria sales. Operating grants and contributions consist of the many educational grants received from the federal and state government.

Allocation of indirect expenses: The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

DeSoto Parish School Board
Notes to the Basic Financial Statements

Fund Financial Statements (FFS)

Governmental Funds: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. *The government considers all revenues available if they are collected within 60 days after year-end.* Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due. Compensated absences and claims and judgments are reported in a governmental fund only if the claims are due and payable.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable and are remitted on a monthly basis to the School Board.

Sales and use taxes are recorded in the month collected by the vendor.

Entitlements and shared revenues: (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Other receipts become measurable and available when cash is received by the School Board and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Unpaid salaries for nine-month employees who are paid over twelve months are accrued at June 30. Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other financing sources (uses) Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Fund: Proprietary fund is accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet.

DeSoto Parish School Board
Notes to the Basic Financial Statements

Operating revenues and expenses: Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund: The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

D. CASH AND CASH EQUIVALENTS: Cash includes amounts in demand deposits, interest-bearing demand deposits and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. INVESTMENTS: Investments are limited by R.S. 33:2955 and the School Board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The School Board reports at amortized cost money market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables/payables on the balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

G. ELIMINATION AND RECLASSIFICATION: In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

H. INVENTORIES Inventories of the governmental fund type are accounted for using the consumption method where expenditures are recognized as inventory is used.

Inventories consist of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as

DeSoto Parish School Board
Notes to the Basic Financial Statements

revenues and expenditures by the School Lunch Fund when consumed. Any material commodities on hand at year-end are recorded as inventory. All purchased inventory items are valued at cost (first-in, first-out) using the consumption method and commodities are assigned values based on information provided by the United States Department of Agriculture.

I. CAPITAL ASSETS: Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The School Board maintains a threshold level of the following: \$1 (land and CIP), \$5,000 (equipment and vehicles), \$25,000 (land improvements), and \$50,000 (building and building improvements) for capitalizing capital assets. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight line depreciation is used based on the following estimated useful lives:

Buildings	25-45 years
Land improvements	10-25 years
Building improvements	20 years
Furniture and equipment	5-15 years
Vehicles	5-8 years

The School Board does not possess any material amounts of infrastructure capital assets, such as roads and bridges.

J. COMPENSATED ABSENCES: Compensated absences include salary related payments. All School Board employees earn from five to twenty days of vacation leave each year depending upon length of service. Unused vacation leave as of June 30 can be accumulated and carried forward to the succeeding year, up to a maximum of sixty days.

All School Board employees, except eleven and twelve month employees, earn ten days of sick leave each year. Twelve-month School Board employees earn twelve days of sick leave each year and eleven month employees earn eleven days per year. Non-twelve-month employees may use two days of sick leave each year for personal business. Sick leave may be accumulated without limitation. Upon retirement or death, a maximum of twenty-five days accumulated sick leave may be paid to the employee or the employee's estate at the employee's current rate of pay. Under the various pension funds, the total accumulated sick leave, including the twenty-five days paid, is used in the retirement benefit computation as earned service for leave earned prior to July 1, 1988. For sick leave earned after July 1, 1988, under the Louisiana Teachers' Retirement System and for sick leave earned under the Louisiana School Employees' Retirement System, all unpaid sick leave, which excludes the twenty-five days paid, is used in the retirement benefit computation as earned service.

In the FFS, the matured liability for compensated absences, which includes salary and salary related payments, is reported in the fund. The total liability is reported in the GWFS.

K. LONG-TERM LIABILITIES: Bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures in the FFS and are capitalized and amortized in the GWFS. Deferred gains on refunding are capitalized and amortized over the life of refunding in the GWFS.

DeSoto Parish School Board
Notes to the Basic Financial Statements

L. RESTRICTED NET ASSETS: For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

M. FUND EQUITY OF FUND FINANCIAL STATEMENTS

Reserves: Use of the term “reserve” in describing governmental fund “Fund Balances” indicates that a portion of the fund balance is not available to appropriate for expenditure or is legally segregated for a specific future use. The *reserve for debt service* represents the portion of fund balance that has been reserved in the debt service funds for future payment of principal and interest on bonded debt.

Designations: Use of the term “designated” in describing governmental fund “Fund Balances” indicates that a portion of the fund balance has been segregated to indicate tentative plans for future financial resource use. Designated fund balances may be changed and are subject to subsequent authorization before expenditures can be made. The nature and purpose of these designations are explained as follows:

Designated for Future Claims and Contingencies

This amount represents a portion of fund balance that has been designated to fund possible losses from lawsuits, self-insurance liability, and other risks.

Designated for Equipment Replacement

This amount has been accumulated to fund the replacement of capital assets.

Designated for Specific Projects

This amount has been designated to fund future capital projects including acquiring lands for building sites and playgrounds; purchasing, erecting, and improving school buildings and other facilities; and acquiring equipment and furnishings.

N. INTERFUND ACTIVITIES: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

O. SALES TAXES: On March 25, 1968, with no expiration date, the voters of DeSoto Parish approved a one cent sales and use tax to be used for salaries of teachers and other personnel and for the operation of public elementary and secondary schools.

On May 3, 1986, with no expiration date, the voters of DeSoto Parish approved a one-half cent sales and use tax to be used to supplement salaries of School Board employees.

**DeSoto Parish School Board
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One May 3, 1986, with a period of 25 years expiring June 30, 2011, the voters of DeSoto Parish approved a one-half cent sales and use tax to be used for the purpose of air conditioning school buildings, repairing school buildings, and making capital improvements to school buildings and related facilities. The proceeds of this tax may be used to repay bonds issued to pay the cost of air conditioning and capital improvements.

On April 12, 2001, with no expiration date, the voters of DeSoto Parish approved a one-half cent sales and use tax to be used to supplement salaries of teachers and other School Board employees and for the operation of public schools in DeSoto Parish.

P. USE OF ESTIMATES: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - LEVIED TAXES The School Board levies taxes on real and business personal property located within DeSoto Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The DeSoto Parish Sheriff's Office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly.

Property Tax Calendar

Assessment date	January 1, 2003
Levy date	September 23, 2003
Tax bills mailed	On or about November 15, 2003
Due date	December 31, 2003
Lien date	January 1, 2004
Tax sale date, 2003 delinquent property	May 2004

Assessed values are established by the DeSoto Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2000. Total assessed value was \$203,034,064 in calendar year 2003. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$32,404,785 of the assessed value in calendar year 2003.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is

DeSoto Parish School Board
Notes to the Basic Financial Statements

required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

The tax roll is prepared by the tax assessor and approved by the State Tax Commission in November of each year. The amount of 2003 property taxes to be collected occurs in December 2003 and January and February 2004. All property taxes are recorded in the general, special revenue, and debt service funds. The School Board considers the lien date (January 1, 2004) as the date an enforceable legal claim occurs for 2003 property taxes. Property tax revenue is recognized in the period for which the taxes are levied (*budgeted*). Accordingly, the 2003 property taxes are budgeted in the 2003-04 fiscal year of the School Board.

Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

The following is a summary of authorized and levied (tax rate per \$1,000 Assessed Value) ad valorem taxes:

<u>Parish-wide Taxes</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Constitutional—parishwide	4.56	4.56	Not applicable
Renewable—parishwide	43.00	43.00	2006
Debt Service—separate school districts			
District No. 1—Logansport	24.00	24.00	2008
District No. 2—North DeSoto	7.00	7.00	2016
District No. 3—Stanley	20.50	20.50	2013
District No. 4—Mansfield	9.00	9.00	2008
District No. 5—Pelican	36.00	36.00	2008

NOTE 3 - DEPOSITS: At June 30, 2004, the School Board has cash and cash equivalents (book balances) totaling \$15,191,503.

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the School Board's carrying amount of deposits was \$15,191,503 (including certificates of deposits of \$3,318,500) and the bank balance was \$17,799,424. Of the bank balance, \$512,097 was covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name (GASB Category 1). The remaining balance was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon demand.

DeSoto Parish School Board
Notes to the Basic Financial Statements

NOTE 4 – RECEIVABLES: The receivables at June 30 are as follows:

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Taxes:			
Ad valorem	\$ 85,911	\$ 44,870	\$ 130,781
Sales tax	632,014	197,967	829,981
Intergovernmental - grants:			
Federal	-	1,022,797	1,022,797
State	217,834	-	217,834
Other	<u>10,516</u>	<u>441</u>	<u>10,957</u>
Total	<u>\$ 946,275</u>	<u>\$ 1,266,075</u>	<u>\$ 2,212,350</u>

No allowance for doubtful accounts has been established as the School Board expects to collect the full balance.

NOTE 5 - CAPITAL ASSETS: Capital assets balances and activity for the year ended June 30, 2004, are as follows:

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2004</u>
Governmental Activities:				
Land	\$ 1,210,645	\$ 285,000	\$ -	\$ 1,495,645
Exhaustible Capital Assets:				
Buildings	52,641,894	64,374	-	52,706,268
Furniture and equipment	1,113,466	311,141	118,630	1,305,977
Vehicles	2,295,311	516,143	-	2,811,454
Construction in progress	<u>17,315</u>	<u>62,927</u>	<u>17,315</u>	<u>62,927</u>
Total	<u>57,278,631</u>	<u>1,239,585</u>	<u>135,945</u>	<u>58,382,271</u>
Less accumulated depreciation:				
Buildings	21,377,525	1,294,471	-	22,671,996
Furniture and equipment	688,625	93,452	114,833	667,244
Vehicles	<u>939,101</u>	<u>220,821</u>	<u>-</u>	<u>1,159,922</u>
Total	<u>23,005,251</u>	<u>1,608,744</u>	<u>114,833</u>	<u>24,499,162</u>
Governmental Activities:				
Capital assets, net	<u>\$ 34,273,380</u>	<u>\$ (369,159)</u>	<u>\$ 21,112</u>	<u>\$ 33,883,109</u>

Depreciation expense was charged to governmental activities as follows:

Regular programs	\$ 1,152,495
Vocational programs	6,918
Other instructional programs	35,833
Other special programs	5,088
Pupil support programs	1,052
Instructional staff	29,273
School administration	54,124
Business services	4,444
Maintenance of plant	30,771
Pupil transportation services	170,542
Food service operations	<u>118,204</u>
Total depreciation expense	<u>\$ 1,608,744</u>

**DeSoto Parish School Board
Notes to the Basic Financial Statements**

NOTE 6 - RETIREMENT SYSTEMS

Plan description: Substantially all School Board employees participate in either the Teachers' Retirement System or the School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature.

Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan B. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Louisiana Teachers' Retirement System (TRS); other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the system.

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age sixty with ten years of service, or at any age with twenty years of service. The formula for annual maximum retirement benefits is generally two percent (with less than twenty-five years of service) or 2.5 percent (with twenty-five or more years of service) times the years of creditable service times the average salary of the thirty-six highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Under the Teachers' Retirement System Plan B, normal retirement is generally at any age with 30 or more years of creditable service, at age fifty-five with at least twenty-five years of creditable service and at age sixty with at least ten years of creditable service. The retirement benefit formula is generally three percent times the years of creditable service times the average salary of the thirty-six highest successive months plus \$24 per year of service.

Employees participating in the School Employees' Retirement System are eligible for normal retirement after thirty years of service, or after twenty-five years of service at age fifty-five or after ten years of service at age sixty. The maximum retirement allowance is computed at 2.5 percent times the highest thirty-six months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Both TRS and LSERS issue annual financial reports. The reports can be obtained by telephoning or writing to the following:

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446

Louisiana School Employees' Retirement System
Post Office Box 44516
Baton Rouge, Louisiana 70804
(225) 925-6484

Funding Policy: Each system is administered and controlled at the state level, by a separate board of trustees with contribution rates approved and amended by the Louisiana Legislature. Benefits of the systems are funded by employee and employer contributions. Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974.

In addition, the employer does not remit to the Teachers' Retirement System, Regular Plan or Plan B, the employer's contribution for the professional improvement program (PIP) portion of payroll. The PIP contribution is made directly to the Retirement System by the state of Louisiana.

DeSoto Parish School Board
Notes to the Basic Financial Statements

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 2004, are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System:		
Regular	8.00%	13.80%
Plan B	5.00%	13.80%
Louisiana School Employees' Retirement System	7.50%	8.500%

Total covered payroll of the School Board for TRS - Regular Plan, TRS - Plan B, and LSERS for the year ended June 30, 2004, amounted to \$20,282,955, \$811,282 and \$2,703,346, respectively. Employer contributions for the year ended June 30, 2004, and each of the two preceding years are as follows:

TRS..... Annual Actuarially Required Contribution \$LSERS..... Annual Actuarially Required Contribution
<u>Fiscal Year Ended</u>		
June 30, 2002	\$2,608,259	\$ 0
June 30, 2003	2,761,595	0
June 30, 2004	2,703,346	229,785

The actuarially-required contributions were made. Annual actuarially required contributions for each plan above is based on the plan's annual financial report for that year except for the annual actuarially required contribution for the year ended June 30, 2004, is based upon the plan's annual financial report for the year ended June 30, 2003, which is the latest information available.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS: In accordance with state statutes, the School Board provides certain continuing medical care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. The School Board recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due. The cost of retiree benefits included in these expenditures was \$912,851, for approximately 260 retirees for group medical and 300 retirees for group life insurance. This expenditure is recorded in the general fund and the school food service fund.

NOTE 8 - ACCOUNTS, SALARIES AND OTHER PAYABLES: The payables at June 30, 2004, are as follows:

	<u>General</u>	<u>Other Governmental</u>	<u>Internal Service Fund</u>	<u>Total</u>
Salaries	\$ 2,588,060	\$ 551,299	\$ -	\$ 3,139,359
Accounts	591,202	371,149	6,243	968,594
Claims	107,695	-	1,162,458	1,270,153
Total	<u>\$ 3,286,957</u>	<u>\$ 922,448</u>	<u>\$ 1,168,701</u>	<u>\$ 5,378,106</u>

DeSoto Parish School Board
Notes to the Basic Financial Statements

NOTE 9 - COMPENSATED ABSENCES: At June 30, 2004, employees of the School Board have accumulated and vested \$2,199,276 of employee leave benefits. These benefits were computed in accordance with GASB Codification Section C60.

NOTE 10 - AGENCY FUND DEPOSITS DUE OTHERS (FFS LEVEL ONLY): A summary of changes in agency fund deposits due others follows:

	Balance at Beginning Of Year	Additions	Deductions	Balance At End Of Year
School activities	\$ 289,377	\$ 1,095,603	\$ 1,009,872	\$ 375,108

NOTE 11 - LONG-TERM LIABILITIES: The following is a summary of the long-term liabilities transactions and balances for the year ended June 30, 2004:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts due Within One Year
Governmental Activities					
Bonded debt and sales tax bonds	\$ 17,838,793	\$ 4,205,000	\$ 6,379,793	\$ 15,664,000	\$ 2,327,000
Other Liabilities:					
Compensated absences	2,138,550	242,965	182,239	2,199,276	182,239
Total Long-term debt	<u>\$ 19,977,343</u>	<u>\$ 4,447,965</u>	<u>\$ 6,562,032</u>	<u>\$ 17,863,276</u>	<u>\$ 2,509,239</u>

Payments on the general obligation bonds payable that pertain to the School Board's governmental activities are made by the debt service funds. The compensated absences liability attributable to the governmental activities will be liquidated by several of the School Board's governmental funds. In the past 97% was paid by the general fund and the remaining 3% by other government funds.

Long-term debt at June 30, 2004 is comprised of the following issues:

	Original Amount	Interest Rates	Final Payment Due	Interest to Maturity	Principal Outstanding
DISTRICT 1					
September 5, 2002	\$ 2,670,000	3.31	2009	\$ 229,549	\$ 2,240,000
DISTRICT 2					
January 1, 1980	1,170,000	5.5-7.0	2005	1,100	20,000
October 8, 1996	1,330,000	4.15-5.4	2007	71,151	645,000
September 1, 1997	2,360,000	4.75-8.0	2017	775,968	1,880,000
Certificate of indebtedness					
November 12, 1998	2,795,000	3.35	2012	400,901	2,485,000
DISTRICT 3					
July 1, 1994	1,785,000	4.5-5.85	2008	145,224	955,000
September 1, 1994	300,000	5.3-9.0	2013		200,000

**DeSoto Parish School Board
Notes to the Basic Financial Statements**

				66,061	
Sales Tax Bonds					
December 16, 1998	191,000	4.5-7.2	2010	23,198	139,000
DISTRICT 4					
February 1, 1994	6,825,000	3.6-5.3	2005	109,315	2,070,000
July 9, 2003	4,205,000	2.55	2008	366,371	4,175,000
DISTRICT 5					
September 5, 2002	995,000	3.31	2008	74,889	855,000
Total				<u>\$ 2,263,727</u>	<u>\$ 15,664,000</u>

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. At June 30, 2004, the School Board had accumulated \$1,239,870 in the debt service funds for future debt requirements. The bonds are due as follows:

<u>Year Ending June 30,</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Total</u>
2005	\$ 562,890	\$ 2,327,000	\$ 2,889,890
2006	457,839	2,453,000	2,910,839
2007	356,771	2,633,000	2,989,771
2008	266,622	2,780,000	3,046,622
2009	176,005	2,761,000	2,937,005
2010 – 2014	381,542	2,140,000	2,521,542
2015 and thereafter	62,058	570,000	632,058
Total	<u>\$ 2,263,727</u>	<u>\$ 15,664,000</u>	<u>\$17,927,727</u>

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property. At June 30, 2004, the statutory limit is \$71,061,022 and outstanding net bonded debt totals \$13,040,000.

NOTE 12 - INTERFUND ASSETS/ LIABILITIES (FFS LEVEL ONLY)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other governmental	\$ 666,582
Total		<u>\$ 666,582</u>

The purpose of the interfund assets/liabilities was to cover current-year expenditures on cost reimbursement programs until the reimbursement requisitions are deposited.

DeSoto Parish School Board
Notes to the Basic Financial Statements

NOTE 13 - INTERFUND TRANSFERS (FFS LEVEL ONLY): Transfers for the year ended June 30, 2004, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 1,020,617
Other governmental	285,860	
Internal service fund	734,757	
Totals	<u>\$ 1,020,617</u>	<u>\$ 1,020,617</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 14 - ENCUMBRANCES (FFS LEVEL ONLY): Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances are carried forward to the next year. At June 30, 2004, the School Board had entered into purchase orders and commitments as follows:

	<u>Other Governmental</u>	<u>Total</u>
Total	<u>\$ 210,312</u>	<u>\$ 210,312</u>

NOTE 15 - RISK MANAGEMENT: The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are handled by the School Board through the purchase of various commercial insurance policies with varying coverage limits, deductibles, and premiums based on the type of policy. No significant reductions in insurance coverage from coverage in the prior year occurred, and no claims exceeded the School Board's insurance coverage for each of the past three years.

The School Board is partially self-insured for medical and workers' compensation insurance coverage. Claims are funded through operating funds of the School Board. The School Board maintains stop-loss coverage with an insurance company under its medical plan for individual claims in excess of \$150,000 and for total annual claims in excess of 125% of expected claims. The School Board maintains stop-loss coverage with an insurance company under its workers' compensation plan for individual claims in excess of \$200,000 and for total claims that exceed \$1,000,000 in a three year period.

DeSoto Parish School Board
Notes to the Basic Financial Statements

All known claims filed and an estimate of incurred but not reported claims based on experience of the School Board are made and accrued as necessary in the general fund and internal service fund. At June 30, 2004, the amount of these liabilities was \$1,270,153. This liability is the School Board's best estimate based on available information. Changes in the reported liability since June 30, 2001 resulted from the following:

<u>Year ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payments and Claims</u>	<u>Ending of Fiscal Year Liability</u>
2001 - 2002	940,331	5,427,266	5,165,684	1,201,913
2002 - 2003	1,201,913	5,093,631	5,099,381	1,196,163
2003 - 2004	1,196,163	4,865,243	4,791,253	1,270,153

NOTE 16 - LITIGATION AND CLAIMS

Litigation: The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board not covered by insurance would not materially affect the School Board's financial position.

Grant Disallowances: The School Board participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. School Board management believes that the amount from future audits would not be material.

Construction in Progress: The School Board has three construction projects at the year end: Building of a storage building, track renovations, and football stadium renovations. The total projected cost for these projects are approximately \$295,700, in which a total of \$62,927 was spent at year end.

NOTE 17 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES: On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The state of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$12,325. This amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

NOTE 18 - ECONOMIC DEPENDENCY: Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$18,765,973 to the School Board, which represents approximately 41% of the School Board's total revenue for the year.

DeSoto Parish School Board
Notes to the Basic Financial Statements

NOTE 19 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The School Board is legally required to prepare annual operating budgets for the general fund and each special revenue fund. The budgets are prepared on the modified accrual basis of accounting. School Board policy and legal requirements, which prescribe that the legal level of control for the general fund and special revenue funds is at the fund level, provide that expenditures may not exceed appropriations in excess of five percent of the budgeted expenditures of the fund.

Excess of Expenditures over Appropriations in Individual Funds: The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 2004:

	Budget	Actual	Unfavorable Variance
7 mill maintenance	\$ 1,356,655	\$ 1,411,300	\$ 54,645

Actual expenditures exceeded appropriations as a result of unanticipated expenditures occurring in the month of June after the last budget revision.

NOTE 20 - LEASES: The School Board is also a lessor in a lease/purchase agreement with some of its bus drivers. Certain buses were purchased by the School Board and leased to the bus drivers, with title to the bus passing to the driver at the end of the lease term. Total rental income under the lease was approximately \$30,103 during the year ended June 30, 2004. Future lease income for the next five years is as follows:

Year ending June 30:	
2005	\$26,975
2006	26,975
2007	20,465
2008	18,298
2009	9,296

NOTE 21 – PRIOR PERIOD ADJUSTMENT In the government wide financial statements the beginning balance of net capital assets was reduced by \$390,779 through a prior period adjustment as follows:

Adjustment to beginning capital asset cost	\$(521,257)
Adjustment to beginning accumulated depreciation	<u>130,458</u>
Net adjustment	<u>\$(390,799)</u>

NOTE 22 – ADVANCE REFUNDING OF DEBT: The School Board issued \$4,205,000 in General Obligation Refunding Bonds of School District No. 4. The net proceeds of \$4,205,000 for School District No. 4 were used to purchase a U. S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. For School District No. 4 the difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding totaled \$461,571. An economic gain (difference between the present value of the old and new debt service payments) of \$431,421 resulted from the refunding.

**DeSoto Parish School Board
Mansfield, Louisiana**



**DeSoto Parish School Board
Mansfield, Louisiana**

**REQUIRED SUPPLEMENTAL
INFORMATION**

**DeSoto Parish School Board
Mansfield, Louisiana
Budgetary Comparison Schedule**

General Fund and Major Special Revenue Funds with Legally Adopted Annual Budgets

GENERAL FUND: The general fund accounts for all activities of the School Board except those required to be accounted for in another fund.

DESOTO PARISH SCHOOL BOARD

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2004**

Exhibit 1-1

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE (NEGATIVE)</u>
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 6,931,590	\$ 7,118,209	\$ 6,852,030	\$ (266,179)
Sales and use	5,398,083	5,855,150	6,133,959	278,809
Interest earnings	129,623	94,623	107,920	13,297
Other	633,323	669,110	443,202	(225,908)
State sources:				
Equalization	19,121,825	18,156,079	18,156,079	0
Other	1,045,756	1,220,068	1,217,006	(3,062)
Federal sources	4,900	6,856	0	(6,856)
Total Revenues	<u>33,265,100</u>	<u>33,120,095</u>	<u>32,910,196</u>	<u>(209,899)</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	14,457,072	14,426,935	14,289,810	137,125
Special programs	6,664,474	6,993,445	6,856,638	136,807
Adult/continuing education programs	52,858	47,083	45,731	1,352
Support services:				
Pupil support services	1,094,954	1,022,823	1,000,980	21,843
Instructional staff support	2,096,099	2,331,818	1,859,311	472,507
General administration	827,155	856,262	571,463	284,799
School administration	2,384,803	2,317,181	2,306,505	10,676
Business services	564,474	591,717	568,417	23,300
Plant services	2,420,998	2,384,299	2,274,145	110,154
Student transportation services	2,852,142	3,237,032	2,754,902	482,130
Central services	156,166	163,869	156,139	7,730
Capital Outlay	0	0	486,682	(486,682)
Total Expenditures	<u>33,571,195</u>	<u>34,372,464</u>	<u>33,170,723</u>	<u>1,201,741</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ (306,095)</u>	<u>\$ (1,252,369)</u>	<u>\$ (260,527)</u>	<u>\$ 991,842</u>

(CONTINUED)

DESOTO PARISH SCHOOL BOARD

GENERAL FUND
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2004

Exhibit 1-1

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 308,891	\$ 261,489	\$ 0	\$ (261,489)
Transfers out	0	(684,757)	(1,020,617)	(335,860)
Total Other Financing Sources (Uses)	308,891	(423,268)	(1,020,617)	(597,349)
Net Change in Fund Balance	2,796	(1,675,637)	(1,281,144)	394,493
FUND BALANCE- BEGINNING	7,344,026	7,344,026	7,344,026	0
FUND BALANCE - ENDING	\$ 7,346,822	\$ 5,668,389	\$ 6,062,882	\$ 394,493

(CONCLUDED)

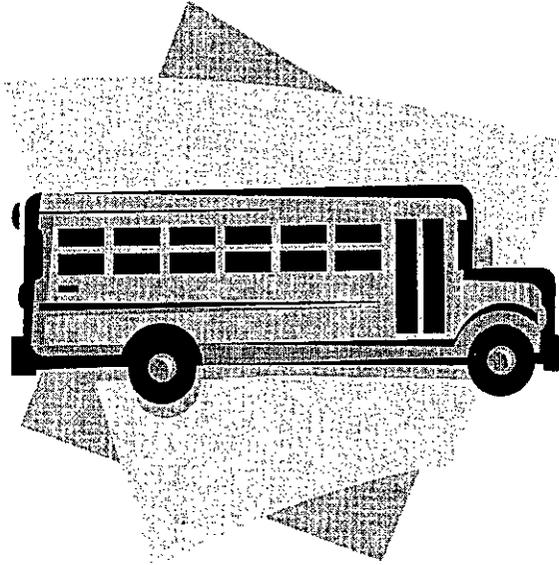
**DeSoto Parish School Board
Mansfield, Louisiana
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2004**

A. BUDGETS

The School Board utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- (a) In May, the Superintendent submits to the School Board proposed annual appropriated budgets for the general Fund for the fiscal year commencing July 1. A public hearing is conducted to obtain taxpayer comments prior to September 15; the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopts a balanced budget; that is, total budgeted revenues and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. The budget is revised periodically throughout the school year, when deemed appropriate, but a balanced budget is always approved.
- (b) Appropriations in the General Fund lapse at the end of the fiscal year whereas encumbered appropriations are carried forward to the following year. Budgeted amounts are as originally adopted or as amended by the School Board.
- (c) Formal budgetary integration is employed as a management control device during the year for the General Fund. All budgets are operational at the departmental or project level. The Superintendent of the School Board is authorized to transfer budget amounts between line item activity and between any functions of an individual fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board resolution. The effects of budget revisions during the year for the general fund were to decrease net revenues by \$103,437 and increase net expenditures by \$801,269.

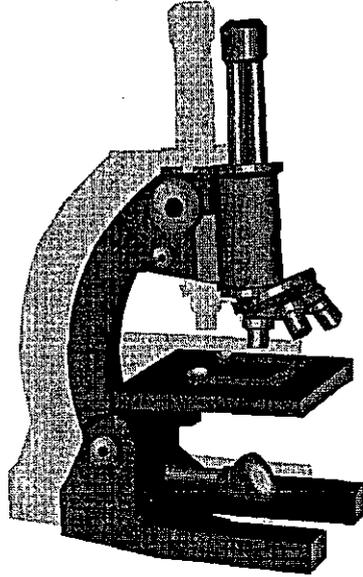
**DeSoto Parish School Board
Mansfield, Louisiana**



**DeSoto Parish School Board
Mansfield, Louisiana**

SUPPLEMENTAL INFORMATION

**DeSoto Parish School Board
Mansfield, Louisiana**



**DeSoto Parish School Board
Mansfield, Louisiana**

**COMBINING
NONMAJOR GOVERNMENTAL FUNDS -
BY FUND TYPE**

**DeSoto Parish School Board
Mansfield, Louisiana**



DESOTO PARISH SCHOOL BOARD
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - By Fund Type
June 30, 2004

Exhibit 2

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
ASSETS				
Cash and cash equivalents	\$ 1,147,415	\$ 1,171,329	\$ 1,289,100	\$ 3,607,844
Investments	275,000	38,500	150,000	463,500
Receivables	1,071,267	30,041	164,767	1,266,075
Inventory	22,762	0	0	22,762
TOTAL ASSETS	2,516,444	1,239,870	1,603,867	5,360,181
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	656,103	0	266,345	922,448
Interfund payables	666,582	0	0	666,582
Deferred revenues	108,052	0	0	108,052
Total Liabilities	1,430,737	0	266,345	1,697,082
Fund Balances:				
Reserved for inventory	22,762	0	0	22,762
Reserved for debt service	0	1,239,870	0	1,239,870
Designated for capital projects	0	0	1,337,522	1,337,522
Unreserved and undesignated	1,062,945	0	0	1,062,945
Total Fund Balances	1,085,707	1,239,870	1,337,522	3,663,099
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,516,444	\$ 1,239,870	\$ 1,603,867	\$ 5,360,181

DESOTO PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
For the Year Ended June 30, 2004**

Exhibit 3

	<u>SPECIAL</u> <u>REVENUE</u>	<u>DEBT</u> <u>SERVICE</u>	<u>CAPITAL</u> <u>PROJECTS</u>	<u>TOTAL</u>
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 1,182,553	\$ 1,858,337	\$ 0	\$ 3,040,890
Sales and use	322,755	1,059,500	552,660	1,934,915
Interest earnings	11,238	9,799	14,074	35,111
Other	285,847	0	0	285,847
State sources:				
Equalization	609,894	0	0	609,894
Other	42,638	13,154	0	55,792
Federal sources	6,820,033	0	0	6,820,033
 Total Revenues	 <u>9,274,958</u>	 <u>2,940,790</u>	 <u>566,734</u>	 <u>12,782,482</u>
 EXPENDITURES				
Current:				
Instruction:				
Special programs	3,503,029	0	0	3,503,029
Adult/continuing education programs	63,703	0	0	63,703
Support services:				
Pupil support services	229,764	0	0	229,764
Instructional staff support	1,099,945	0	0	1,099,945
General administration	358,049	96,242	12,876	467,167
Business services	5,096	0	1,647	6,743
Plant services	1,361,383	0	294,036	1,655,419
Student transportation services	20,156	0	0	20,156
Food services	2,631,543	0	0	2,631,543
Capital outlay	70,460	0	682,446	752,906
Debt service:				
Principal retirement	0	2,211,000	0	2,211,000
Interest and bank charges	0	656,225	0	656,225
 Total Expenditures	 <u>9,343,128</u>	 <u>2,963,467</u>	 <u>991,005</u>	 <u>13,297,600</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 <u>\$ (68,170)</u>	 <u>\$ (22,677)</u>	 <u>\$ (424,271)</u>	 <u>\$ (515,118)</u>

(CONTINUED)

DESOTO PARISH SCHOOL BOARD

NONMAJOR GOVERNMENTAL FUNDS
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances- By Fund Type
 For the Year Ended June 30, 2004

Exhibit 3

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 0	\$ 0	\$ 285,860	\$ 285,860
Refunding bond proceeds	0	4,205,000	0	4,205,000
Payments to bond escrow agent	0	(4,245,784)	0	(4,245,784)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(40,784)</u>	<u>285,860</u>	<u>245,076</u>
Net Change in Fund Balances	(68,170)	(63,461)	(138,411)	(270,042)
FUND BALANCES - BEGINNING	<u>1,153,877</u>	<u>1,303,331</u>	<u>1,475,933</u>	<u>3,933,141</u>
FUND BALANCES - ENDING	<u>\$ 1,085,707</u>	<u>\$ 1,239,870</u>	<u>\$ 1,337,522</u>	<u>\$ 3,663,099</u>

(CONCLUDED)

**DeSoto Parish School Board
Mansfield, Louisiana
Nonmajor Special Revenue Funds**

EDUCATION CONSOLIDATION AND IMPROVEMENT ACT - TITLE I: To improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. This fund is primarily used for provision of compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

IMPROVING TEACHER QUALITY (TITLE II): This program was designed to improve the skills of teachers and the quality of instruction in mathematics and science, also to increase the accessibility of such instruction to all students.

LITERACY CHALLENGE (TITLE III): To improve the skills and knowledge of teachers using computers, the Internet, and technology.

SAFE AND DRUG FREE SCHOOLS (TITLE IV) To enhance the Nation's efforts to prevent the illegal use of drugs and violence among, and promote safety and discipline for, students at all educational levels.

INNOVATION EDUCATION (TITLE V): To assist state and local educational agencies in the reform of elementary and secondary education.

RURAL EDUCATION ACHIEVEMENT (TITLE VI): To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools.

7 MILL MAINTENANCE TAX: To assist in paying the general cost of operation and maintenance of public schools in the parish.

SPECIAL EDUCATION: To provide free, appropriate public education to all children in need of special education and related services.

EARLY CHILDHOOD PROGRAMS To assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

ADULT EDUCATION: To develop knowledge and skills to meet immediate and long-range educational objectives of adults who have completed or interrupted formal schooling, having accepted adult roles and responsibilities.

SCHOOL FOOD SERVICE: This program was designed to assist through cash grants and food donations in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

VOCATIONAL EDUCATION To provide students with the opportunity to develop the knowledge, skills, and attitudes needed for employment in agriculture, home economics, industrial arts, business, etc.

COMPREHENSIVE SCHOOL REFORM: To enable all children in the school served, particularly low-achieving children, to meet challenging state content and student performance and standards.

**DeSoto Parish School Board
Mansfield, Louisiana
Nonmajor Special Revenue Funds**

PRE-GED: To prevent students 16 years or older from dropping out of school without the knowledge of basic skills to find a job and how to use those skills in realistic work settings.

WORKFORCE INVESTMENT ACT: To aid in designing with states and local communities a revitalized workforce investment system that will help low income youth between the ages of 14 and 21 acquired the educational and occupational skills, training, and support needed to achieve academic and employment process and successfully transition to careers and productive adulthood.

AFTER SCHOOL FOR ALL: To provide 6th through 8th grade students the opportunity to experience hands-on and intriguing Voyager programs after school hours and during the summer. The program also provides the opportunity to have a safe after school environment, recreational activities, and enrichment activities that provide avenues for hobbies. This program also addresses academic needs and provides homework help to achieve academic success.

SCHOOL RENOVATION: To award grants to local education agencies with urgent school repair and renovation, activities authorized under Part B of the Individuals with Disabilities Act (IDEA), and technology activities related to school renovation.

READING FIRST To provide assistance in establishing reading programs for students in kindergarten through third grade that are based on scientifically based reading research to ensure that every student can read at grade level or above by the end of third grade.

ADVANCED PLACEMENT: To increase access to advance placement classes and test for low-income students and to cover part or all of the cost of test fees for low-income students enrolled in advanced placement courses.

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2004

	EDUCATIONAL CONSOLIDATION & IMPROVEMENT ACT - TITLE I	IMPROVING TEACHER QUALITY TITLE II	LITERACY CHALLENGE TITLE III	SAFE AND DRUG FREE SCHOOLS TITLE IV
ASSETS				
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	0
Investments	0	0	0	0
Receivables	283,244	126,246	15,117	12,977
Inventory	0	0	0	0
TOTAL ASSETS	283,244	126,246	15,117	12,977
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	114,984	83,414	0	0
Interfund payables	168,260	42,832	15,117	12,977
Deferred revenues	0	0	0	0
Total Liabilities	283,244	126,246	15,117	12,977
Fund Balances:				
Reserved for inventory	0	0	0	0
Unreserved and undesignated	0	0	0	0
Total Fund Balances	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 283,244	\$ 126,246	\$ 15,117	\$ 12,977

Exhibit 4

INNOVATIVE EDUCATION TITLE V	RURAL EDUCATION ACHIEVEMENT TITLE VI	7 MILL MAINTENANCE TAX	SPECIAL EDUCATION	EARLY CHILDHOOD PROGRAMS	ADULT EDUCATION	SCHOOL FOOD SERVICE
\$ 0	\$ 0	\$ 247,640	\$ 0	\$ 194,459	\$ 0	\$ 680,154
0	0	0	0	0	0	275,000
3,517	10,916	15,198	134,095	58,681	23,785	40,033
0	0	0	0	0	0	22,762
<u>3,517</u>	<u>10,916</u>	<u>262,838</u>	<u>134,095</u>	<u>253,140</u>	<u>23,785</u>	<u>1,017,949</u>
3,061	491	57,117	65,157	153,542	4,983	137,963
456	10,425	0	68,938	20,312	18,802	0
0	0	0	0	79,286	0	0
<u>3,517</u>	<u>10,916</u>	<u>57,117</u>	<u>134,095</u>	<u>253,140</u>	<u>23,785</u>	<u>137,963</u>
0	0	0	0	0	0	22,762
0	0	205,721	0	0	0	857,224
0	0	205,721	0	0	0	879,986
<u>\$ 3,517</u>	<u>\$ 10,916</u>	<u>\$ 262,838</u>	<u>\$ 134,095</u>	<u>\$ 253,140</u>	<u>\$ 23,785</u>	<u>\$ 1,017,949</u>

(Continued)

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2004

	VOCATIONAL EDUCATION	COMPREHENSIVE SCHOOL REFORM	PRE-GED	WORKFORCE INVESTMENT ACT
ASSETS				
Cash and cash equivalents	\$ 0	\$ 0	25,162	\$ 0
Investments	0	0	0	0
Receivables	0	7,678	0	0
Inventory	0	0	0	0
TOTAL ASSETS	<u>0</u>	<u>7,678</u>	<u>25,162</u>	<u>0</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	0	0	1,323	0
Interfund payables	0	7,678	0	0
Deferred revenues	0	0	23,839	0
Total Liabilities	<u>0</u>	<u>7,678</u>	<u>25,162</u>	<u>0</u>
Fund Balances:				
Reserved for inventory	0	0	0	0
Unreserved and undesignated	0	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0</u>	<u>\$ 7,678</u>	<u>\$ 25,162</u>	<u>\$ 0</u>

Exhibit 4

AFTER SCHOOL FOR ALL	SCHOOL RENOVATION	READING FIRST	ADVANCED PLACEMENT	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	1,147,415
0	0	0	0	275,000
100,917	19,380	219,483	0	1,071,267
0	0	0	0	22,762
<u>100,917</u>	<u>19,380</u>	<u>219,483</u>	<u>0</u>	<u>2,516,444</u>
0	141	33,927	0	656,103
95,990	19,239	185,556	0	666,582
4,927	0	0	0	108,052
<u>100,917</u>	<u>19,380</u>	<u>219,483</u>	<u>0</u>	<u>1,430,737</u>
0	0	0	0	22,762
0	0	0	0	1,062,945
0	0	0	0	1,085,707
<u>\$ 100,917</u>	<u>\$ 19,380</u>	<u>\$ 219,483</u>	<u>\$ 0</u>	<u>\$ 2,516,444</u>

(Concluded)

DESOTO PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended June 30, 2004

	EDUCATIONAL CONSOLIDATION & IMPROVEMENT ACT - TITLE I	IMPROVING TEACHER QUALITY TITLE II	LITERACY CHALLENGE TITLE III	SAFE AND DRUG FREE SCHOOLS TITLE IV
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 0	\$ 0	\$ 0	0
Sales and use	0	0	0	0
Interest earnings	0	0	0	0
Other	0	0	0	0
State sources:				
Equalization	0	0	0	0
Other	0	0	0	0
Federal sources	1,506,664	392,496	266,107	52,365
Total Revenues	1,506,664	392,496	266,107	52,365
EXPENDITURES				
Current:				
Instruction:				
Special programs	767,311	374,412	8,165	0
Adult/continuing education programs	0	0	0	0
Support services:				
Pupil support services	93,003	0	0	51,338
Instructional staff support	475,050	0	232,383	0
General administration	68,362	18,084	6,184	1,027
Business services	860	0	542	0
Plant services	93,027	0	0	0
Student transportation services	0	0	0	0
Food services	0	0	0	0
Capital outlay	9,051	0	18,833	0
Total Expenditures	1,506,664	392,496	266,107	52,365
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	\$ 0	\$ 0	\$ 0	0

Exhibit 5

INNOVATIVE EDUCATION TITLE V	RURAL EDUCATION ACHIEVEMENT TITLE VI	7 MILL MAINTENANCE TAX	SPECIAL EDUCATION	EARLY CHILDHOOD PROGRAMS	ADULT EDUCATION	SCHOOL FOOD SERVICE
\$ 0	\$ 0	\$ 1,182,553	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	322,755
0	0	1,798	0	0	0	9,440
0	0	0	0	0	0	285,847
0	0	0	0	0	0	609,894
0	0	42,638	0	0	0	0
31,328	70,204	0	956,831	1,025,804	84,236	1,556,273
31,328	70,204	1,226,989	956,831	1,025,804	84,236	2,784,209
29,915	66,652	10,490	557,412	979,722	16,937	0
0	0	0	0	0	63,703	0
0	0	0	85,423	0	0	0
0	0	0	238,934	0	0	0
1,413	3,552	136,057	45,100	42,540	3,596	0
0	0	152	0	3,542	0	0
0	0	1,247,234	21,122	0	0	0
0	0	17,367	2,789	0	0	0
0	0	0	0	0	0	2,631,543
0	0	0	6,051	0	0	36,525
31,328	70,204	1,411,300	956,831	1,025,804	84,236	2,668,068
0	0	(184,311)	0	0	0	116,141
0	0	390,032	0	0	0	763,845
\$ 0	\$ 0	\$ 205,721	\$ 0	\$ 0	\$ 0	\$ 879,986

(Continued)

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2004

	VOCATIONAL EDUCATION	COMPREHENSIVE SCHOOL REFORM	PRE-GED	WORKFORCE INVESTMENT ACT
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 0	\$ 0	\$ 0	\$ 0
Sales and use	0	0	0	0
Interest earnings	0	0	0	0
Other	0	0	0	0
State sources:				
Equalization	0	0	0	0
Other	0	0	0	0
Federal sources	<u>97,591</u>	<u>106,529</u>	<u>37,558</u>	<u>25,835</u>
Total Revenues	<u>97,591</u>	<u>106,529</u>	<u>37,558</u>	<u>25,835</u>
EXPENDITURES				
Current:				
Instruction:				
Special programs	80,296	101,867	36,246	25,835
Adult/continuing education programs	0	0	0	0
Support services:				
Pupil support services	0	0	0	0
Instructional staff support	15,582	0	0	0
General administration	1,713	4,662	1,312	0
Business services	0	0	0	0
Plant services	0	0	0	0
Student transportation services	0	0	0	0
Food services	0	0	0	0
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>97,591</u>	<u>106,529</u>	<u>37,558</u>	<u>25,835</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Exhibit 5

	AFTER SCHOOL FOR ALL	SCHOOL RENOVATION	READING FIRST	ADVANCED PLACEMENT	TOTAL
\$	0 \$	0 \$	0 \$	0 \$	1,182,553
	0	0	0	0	322,755
	0	0	0	0	11,238
	0	0	0	0	285,847
	0	0	0	0	609,894
	0	0	0	0	42,638
	<u>247,982</u>	<u>142,018</u>	<u>219,484</u>	<u>728</u>	<u>6,820,033</u>
	<u>247,982</u>	<u>142,018</u>	<u>219,484</u>	<u>728</u>	<u>9,274,958</u>
	237,147	0	209,894	728	3,503,029
	0	0	0	0	63,703
	0	0	0	0	229,764
	0	137,996	0	0	1,099,945
	10,835	4,022	9,590	0	358,049
	0	0	0	0	5,096
	0	0	0	0	1,361,383
	0	0	0	0	20,156
	0	0	0	0	2,631,543
	0	0	0	0	70,460
	<u>247,982</u>	<u>142,018</u>	<u>219,484</u>	<u>728</u>	<u>9,343,128</u>
	0	0	0	0	(68,170)
	0	0	0	0	1,153,877
\$	0 \$	0 \$	0 \$	0 \$	1,085,707

(Concluded)

DESOTO PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUND

Educational Consolidation and Improvement Act
Title I

Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004

Exhibit 6-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 1,878,166	\$ 2,185,133	\$ 1,506,664	\$ (678,469)
Total Revenues	<u>1,878,166</u>	<u>2,185,133</u>	<u>1,506,664</u>	<u>(678,469)</u>
EXPENDITURES				
Current:				
Instruction:				
Special programs	922,275	977,165	767,311	209,854
Support services:				
Pupil support services	95,728	112,176	93,003	19,173
Instructional staff support	653,026	864,727	475,050	389,677
General administration	83,423	96,262	68,362	27,900
Business services	1,525	1,147	860	287
Plant services	122,189	133,656	93,027	40,629
Capital outlay	0	0	9,051	(9,051)
Total Expenditures	<u>1,878,166</u>	<u>2,185,133</u>	<u>1,506,664</u>	<u>678,469</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Improving Teacher Quality
Title II

Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004

Exhibit 6-2

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 476,419	\$ 530,566	\$ 392,496	\$ (138,070)
Total Revenues	<u>476,419</u>	<u>530,566</u>	<u>392,496</u>	<u>(138,070)</u>
EXPENDITURES				
Current:				
Instruction:				
Special programs	448,521	505,632	374,412	131,220
Support services:				
General administration	<u>27,898</u>	<u>24,934</u>	<u>18,084</u>	<u>6,850</u>
Total Expenditures	<u>476,419</u>	<u>530,566</u>	<u>392,496</u>	<u>138,070</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Literacy Challenge
Title III

Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004

Exhibit 6-3

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 338,099	\$ 283,730	\$ 266,107	\$ (17,623)
Total Revenues	<u>338,099</u>	<u>283,730</u>	<u>266,107</u>	<u>(17,623)</u>
EXPENDITURES				
Current:				
Instruction:				
Special programs	16,275	8,165	8,165	0
Support services:				
Instructional staff support	311,721	267,069	232,383	34,686
General administration	9,486	7,954	6,184	1,770
Business services	617	542	542	0
Capital outlay	<u>0</u>	<u>0</u>	<u>18,833</u>	<u>(18,833)</u>
Total Expenditures	<u>338,099</u>	<u>283,730</u>	<u>266,107</u>	<u>17,623</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Safe and Drug Free Schools
Title IV

Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004

Exhibit 6-4

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 49,578	\$ 71,478	\$ 52,365	\$ (19,113)
Total Revenues	49,578	71,478	52,365	(19,113)
EXPENDITURES				
<i>Current:</i>				
Support services:				
Pupil support services	48,606	70,076	51,338	18,738
General administration	972	1,402	1,027	375
Total Expenditures	49,578	71,478	52,365	19,113
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	0	0	0	0
FUND BALANCES - BEGINNING				
	0	0	0	0
FUND BALANCES - ENDING				
	\$ 0	\$ 0	\$ 0	0

**DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND**

*Innovative Education
Title V*

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-5

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 38,528	\$ 35,173	\$ 31,328	\$ (3,845)
 Total Revenues	<u>38,528</u>	<u>35,173</u>	<u>31,328</u>	<u>(3,845)</u>
 EXPENDITURES				
Current:				
Instruction:				
Special programs	36,272	33,592	29,915	3,677
Support services:				
General administration	2,256	1,581	1,413	168
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Expenditures	<u>38,528</u>	<u>35,173</u>	<u>31,328</u>	<u>3,845</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
 FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Rural Education Achievement
Title VI

Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004

Exhibit 6-6

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 114,536	\$ 196,553	\$ 70,204	\$ (126,349)
Total Revenues	114,536	196,553	70,204	(126,349)
EXPENDITURES				
Current:				
Instruction:				
Special programs	108,792	187,005	66,652	120,353
Support services:				
General administration	5,744	9,548	3,552	5,996
Total Expenditures	114,536	196,553	70,204	126,349
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	\$ 0	\$ 0	\$ 0	\$ 0

**DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND**

7 Mill Maintenance Tax

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-7

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 1,163,919	\$ 1,163,919	\$ 1,182,553	\$ 18,634
Interest earnings	2,600	200	1,798	1,598
State sources:				
Other	46,202	42,636	42,638	2
Total Revenues	1,212,721	1,206,755	1,226,989	20,234
EXPENDITURES				
Current:				
Instruction:				
Special programs	9,000	10,490	10,490	0
Support services:				
General administration	126,862	136,057	136,057	0
Business services	600	100	152	(52)
Plant services	1,150,700	1,187,458	1,247,234	(59,776)
Student transportation services	20,900	22,550	17,367	5,183
Total Expenditures	1,308,062	1,356,655	1,411,300	(54,645)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	(95,341)	(149,900)	(184,311)	(34,411)
FUND BALANCES - BEGINNING				
	0	0	390,032	390,032
FUND BALANCES - ENDING				
	\$ (95,341)	\$ (149,900)	\$ 205,721	\$ 355,621

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Special Education

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-8

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 1,016,807	\$ 1,125,011	\$ 956,831	\$ (168,180)
 Total Revenues	<u>1,016,807</u>	<u>1,125,011</u>	<u>956,831</u>	<u>(168,180)</u>
 EXPENDITURES				
Current:				
Instruction:				
Special programs	634,618	693,803	557,412	136,391
Support services:				
Pupil support services	62,107	96,459	85,423	11,036
Instructional staff support	233,953	255,462	238,934	16,528
General administration	57,986	52,340	45,100	7,240
Plant services	24,215	22,965	21,122	1,843
Student transportation services	3,928	3,982	2,789	1,193
Capital outlay	0	0	6,051	(6,051)
 Total Expenditures	<u>1,016,807</u>	<u>1,125,011</u>	<u>956,831</u>	<u>168,180</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
 FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Early Childhood Programs

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-9

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	1,392,590	1,075,174	1,025,804	(49,370)
Total Revenues	1,392,590	1,075,174	1,025,804	(49,370)
EXPENDITURES				
Current:				
Instruction:				
Special programs	1,312,208	1,026,597	979,722	46,875
Support services:				
General administration	65,532	45,008	42,540	2,468
Business services	14,850	3,569	3,542	27
Plant services	0	0	0	0
Student transportation services	0	0	0	0
Total Expenditures	1,392,590	1,075,174	1,025,804	49,370
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	\$ 0	\$ 0	\$ 0	0

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Adult Education

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-10

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 137,811	\$ 104,365	\$ 84,236	\$ (20,129)
Total Revenues	137,811	104,365	84,236	(20,129)
EXPENDITURES				
Current:				
Instruction:				
Special programs	70,368	16,937	16,937	0
Adult/continuing education programs	60,662	82,854	63,703	19,151
Support services:				
General administration	6,781	4,574	3,596	978
Capital outlay	0	0	0	0
Total Expenditures	137,811	104,365	84,236	20,129
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	\$ 0	\$ 0	\$ 0	\$ 0

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

School Food Service

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-11

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Local sources:				
Taxes:				
Sales and use	\$ 284,034	\$ 284,034	\$ 322,755	\$ 38,721
Interest earnings	12,073	12,073	9,440	(2,633)
Other	276,862	264,910	285,847	20,937
State sources:				
Equalization	642,335	609,894	609,894	0
Federal sources	1,506,401	1,433,965	1,556,273	122,308
Total Revenues	2,721,705	2,604,876	2,784,209	179,333
EXPENDITURES				
Food services	2,721,460	2,688,431	2,631,543	56,888
Capital outlay	0	0	36,525	(36,525)
Total Expenditures	2,721,460	2,688,431	2,668,068	20,363
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	245	(83,555)	116,141	199,696
FUND BALANCES - BEGINNING	611,996	763,845	763,845	0
FUND BALANCES - ENDING	\$ 612,241	\$ 680,290	\$ 879,986	\$ 199,696

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Vocational Education

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-12

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 91,524	\$ 98,366	\$ 97,591	\$ (775)
Total Revenues	<u>91,524</u>	<u>98,366</u>	<u>97,591</u>	<u>(775)</u>
EXPENDITURES				
Current:				
Instruction:				
Special programs	75,526	80,299	80,296	3
Support services:				
Instructional staff support	14,200	16,354	15,582	772
General administration	1,798	1,713	1,713	0
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>91,524</u>	<u>98,366</u>	<u>97,591</u>	<u>775</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Comprehensive School Reform

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-13

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 117,951	\$ 113,433	\$ 106,529	\$ (6,904)
 Total Revenues	117,951	113,433	106,529	(6,904)
 EXPENDITURES				
Current:				
Instruction:				
Special programs	111,044	108,469	101,867	6,602
Support services:				
General administration	6,907	4,964	4,662	302
 Total Expenditures	117,951	113,433	106,529	6,904
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
 FUND BALANCES - BEGINNING	0	0	0	0
 FUND BALANCES - ENDING	\$ 0	\$ 0	\$ 0	\$ 0

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Pre-GED

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-14

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 61,397	\$ 61,397	\$ 37,558	\$ (23,839)
Total Revenues	61,397	61,397	37,558	(23,839)
EXPENDITURES				
Current:				
Instruction:				
Special programs	59,989	59,989	36,246	23,743
Support services:				
General administration	1,408	1,408	1,312	96
Capital outlay	0	0	0	0
Total Expenditures	61,397	61,397	37,558	23,839
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	\$ 0	\$ 0	\$ 0	\$ 0

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

Workforce Investment Act

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-15

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
REVENUES				
Federal sources	\$ 54,200	\$ 26,000	\$ 25,835	\$ (165)
Total Revenues	<u>54,200</u>	<u>26,000</u>	<u>25,835</u>	<u>(165)</u>
EXPENDITURES				
Current:				
Instruction:				
Special programs	54,200	26,000	25,835	165
Support services:				
Instructional staff support	0	0	0	0
General administration	0	0	0	0
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>54,200</u>	<u>26,000</u>	<u>25,835</u>	<u>165</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND

After School For All

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-16

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
<i>Federal sources</i>	\$ 200,000	\$ 252,910	\$ 247,982	\$ (4,928)
 Total Revenues	200,000	252,910	247,982	(4,928)
 EXPENDITURES				
<i>Current:</i>				
<i>Instruction:</i>				
Special programs	188,288	241,857	237,147	4,710
<i>Support services:</i>				
General administration	11,712	11,053	10,835	218
 Total Expenditures	200,000	252,910	247,982	4,928
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
 FUND BALANCES - BEGINNING	0	0	0	0
 FUND BALANCES - ENDING	\$ 0	\$ 0	\$ 0	\$ 0

**DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND**

School Renovation

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-17

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 500,000	\$ 142,018	\$ 142,018	\$ 0
Total Revenues	500,000	142,018	142,018	0
EXPENDITURES				
Current:				
Support services:				
Instructional staff support	490,320	137,996	137,996	0
General administration	9,680	4,022	4,022	0
Total Expenditures	500,000	142,018	142,018	0
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	\$ 0	\$ 0	\$ 0	\$ 0

**DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND**

Reading First

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-18

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 677,852	\$ 677,852	\$ 219,484	\$ (458,368)
 Total Revenues	<u>677,852</u>	<u>677,852</u>	<u>219,484</u>	<u>(458,368)</u>
 EXPENDITURES				
Current:				
Instruction:				
Special programs	646,883	646,883	209,894	436,989
Support services:				
General administration	30,969	30,969	9,590	21,379
 Total Expenditures	<u>677,852</u>	<u>677,852</u>	<u>219,484</u>	<u>458,368</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
 FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**DESOTO PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUND**

Advanced Placement

**Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual
For the Year Ended June 30, 2004**

Exhibit 6-19

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 1,300	\$ 1,300	\$ 728	\$ (572)
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>728</u>	<u>(572)</u>
EXPENDITURES				
Current:				
Instruction:				
Special programs	1,300	1,300	728	572
Total Expenditures	<u>1,300</u>	<u>1,300</u>	<u>728</u>	<u>572</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**DeSoto Parish School Board
Mansfield, Louisiana
Nonmajor Debt Service Funds**

SCHOOL DISTRICTS NO.1, NO. 2 (1980 ISSUE), NO. 2 (1987 ISSUE), NO. 2 (1992 ISSUE), NO. 2 (1997 ISSUE), NO. 3 (1988 ISSUE), NO. 3 (1990 ISSUE), NO. 3 (1994 ISSUE), NO. 4, AND NO. 5: To accumulate monies to pay outstanding bond issues. The bonds were issued by the respective school districts to acquired lands for building sites, erect and improve school buildings, and acquire the necessary equipment and furnishings thereof. The bond issues are financed by a special property tax levy on property within the respective school districts and/or an allocation of sales and use tax collected.

DESOTO PARISH SCHOOL BOARD
NONMAJOR DEBT SERVICE FUNDS
Combining Balance Sheet
June 30, 2004

	NO. 1	NO. 2 1980 ISSUE	NO. 2 1987 ISSUE	NO. 2 1992 ISSUE
ASSETS				
Cash and cash equivalents	\$ 204,900	\$ 3,491	\$ 77,996	\$ 116,635
Investments	9,500	0	0	29,000
Receivables	9,857	0	0	3,912
TOTAL ASSETS	224,257	3,491	77,996	149,547
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	0	0	0	0
Total Liabilities	0	0	0	0
 Fund Balances:				
Reserved for debt service	224,257	3,491	77,996	149,547
Total Fund Balances	224,257	3,491	77,996	149,547
 TOTAL LIABILITIES AND FUND BALANCES	\$ 224,257	\$ 3,491	\$ 77,996	\$ 149,547

Exhibit 7

	NO. 2 1997 ISSUE	NO. 3 1988 ISSUE	NO. 3 1990 ISSUE	NO. 3 1994 ISSUE	NO. 4	NO. 5	TOTAL
\$	88,784	\$ 81,038	\$ 16,768	\$ 9,358	\$ 490,689	\$ 81,670	1,171,329
	0	0	0	0	0	0	38,500
	480	3,904	0	675	6,567	4,646	30,041
	<u>89,264</u>	<u>84,942</u>	<u>16,768</u>	<u>10,033</u>	<u>497,256</u>	<u>86,316</u>	<u>1,239,870</u>
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	<u>89,264</u>	<u>84,942</u>	<u>16,768</u>	<u>10,033</u>	<u>497,256</u>	<u>86,316</u>	<u>1,239,870</u>
	<u>89,264</u>	<u>84,942</u>	<u>16,768</u>	<u>10,033</u>	<u>497,256</u>	<u>86,316</u>	<u>1,239,870</u>
\$	<u>89,264</u>	\$ <u>84,942</u>	\$ <u>16,768</u>	\$ <u>10,033</u>	\$ <u>497,256</u>	\$ <u>86,316</u>	<u>1,239,870</u>

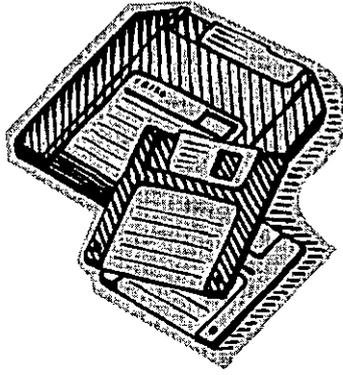
DESOTO PARISH SCHOOL BOARD
NONMAJOR DEBT SERVICE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2004

	NO. 1	NO. 2 1980 ISSUE	NO. 2 1987 ISSUE	NO. 2 1992 ISSUE
REVENUES				
<i>Local sources:</i>				
<i>Taxes:</i>				
Ad valorem	\$ 377,091	\$ 0	\$ 0	\$ 326,409
Sales and use	130,000	18,000	179,000	0
Interest earnings	1,811	52	650	1,576
State sources - other	0	0	0	13,154
Total Revenues	<u>508,902</u>	<u>18,052</u>	<u>179,650</u>	<u>341,139</u>
EXPENDITURES				
<i>Current:</i>				
<i>Support services:</i>				
General administration	17,861	419	4,171	12,373
<i>Debt Service:</i>				
Principal retirement	385,000	20,000	140,000	220,000
Interest and bank charges	86,628	3,149	37,546	102,625
Total Expenditures	<u>489,489</u>	<u>23,568</u>	<u>181,717</u>	<u>334,998</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>19,413</u>	<u>(5,516)</u>	<u>(2,067)</u>	<u>6,141</u>
OTHER FINANCING SOURCES (USES)				
Refunding bond proceeds	0	0	0	0
Payments to bond escrow agent	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	19,413	(5,516)	(2,067)	6,141
FUND BALANCES - BEGINNING	<u>204,844</u>	<u>9,007</u>	<u>80,063</u>	<u>143,406</u>
FUND BALANCES - ENDING	<u>\$ 224,257</u>	<u>\$ 3,491</u>	<u>\$ 77,996</u>	<u>\$ 149,547</u>

Exhibit 8

NO. 2 1997 ISSUE	NO. 3 1988 ISSUE	NO. 3 1990 ISSUE	NO. 3 1994 ISSUE	NO. 4	NO. 5	TOTAL
\$ 39,234	\$ 159,683	\$ 0	\$ 27,380	\$ 790,567	\$ 137,973	\$ 1,858,337
165,000	64,000	23,500	0	425,000	55,000	1,059,500
786	691	91	195	3,435	512	9,799
0	0	0	0	0	0	13,154
<u>205,020</u>	<u>224,374</u>	<u>23,591</u>	<u>27,575</u>	<u>1,219,002</u>	<u>193,485</u>	<u>2,940,790</u>
5,330	7,753	548	1,073	39,910	6,804	96,242
95,000	160,000	16,000	15,000	1,020,000	140,000	2,211,000
<u>104,830</u>	<u>60,110</u>	<u>6,625</u>	<u>12,817</u>	<u>211,230</u>	<u>30,665</u>	<u>656,225</u>
<u>205,160</u>	<u>227,863</u>	<u>23,173</u>	<u>28,890</u>	<u>1,271,140</u>	<u>177,469</u>	<u>2,963,467</u>
(140)	(3,489)	418	(1,315)	(52,138)	16,016	(22,677)
0	0	0	0	4,205,000	0	4,205,000
0	0	0	0	(4,245,784)	0	(4,245,784)
0	0	0	0	(40,784)	0	(40,784)
(140)	(3,489)	418	(1,315)	(92,922)	16,016	(63,461)
<u>89,404</u>	<u>88,431</u>	<u>16,350</u>	<u>11,348</u>	<u>590,178</u>	<u>70,300</u>	<u>1,303,331</u>
<u>\$ 89,264</u>	<u>\$ 84,942</u>	<u>\$ 16,768</u>	<u>\$ 10,033</u>	<u>\$ 497,256</u>	<u>\$ 86,316</u>	<u>\$ 1,239,870</u>

**DeSoto Parish School Board
Mansfield, Louisiana**



**DeSoto Parish School Board
Mansfield, Louisiana
Nonmajor Capital Project Funds**

SCHOOL DISTRICTS NO. 1, NO. 2, NO. 3, NO. 4, AND NO. 5: *To account for financial resources to acquire, construct, and improve public school facilities in the respective districts.*

DESOTO PARISH SCHOOL BOARD
NONMAJOR CAPITAL PROJECT FUNDS
Combining Balance Sheet
June 30, 2004

	SCHOOL DISTRICT NO. 1	SCHOOL DISTRICT NO. 2	SCHOOL DISTRICT NO. 3
ASSETS			
Cash and cash equivalents	\$ 349,273	\$ 25,619	\$ 37,253
Investments	0	0	0
Receivables	25,235	52,118	12,040
TOTAL ASSETS	374,508	77,737	49,293
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	36,204	45,255	18,102
Total Liabilities	36,204	45,255	18,102
 Fund Balances:			
Unreserved - designated for specific projects	338,304	32,482	31,191
TOTAL FUND BALANCES	338,304	32,482	31,191
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 374,508	 \$ 77,737	 \$ 49,293

Exhibit 9

	SCHOOL DISTRICT NO. 4	SCHOOL DISTRICT NO. 5	TOTAL
\$	866,315	\$ 10,640	1,289,100
	0	150,000	150,000
	<u>67,787</u>	<u>7,587</u>	<u>164,767</u>
	<u>934,102</u>	<u>168,227</u>	<u>1,603,867</u>
	<u>148,369</u>	<u>18,415</u>	<u>266,345</u>
	<u>148,369</u>	<u>18,415</u>	<u>266,345</u>
	<u>785,733</u>	<u>149,812</u>	<u>1,337,522</u>
	<u>785,733</u>	<u>149,812</u>	<u>1,337,522</u>
\$	<u>934,102</u>	<u>168,227</u>	<u>1,603,867</u>

DESOTO PARISH SCHOOL BOARD
NONMAJOR CAPITAL PROJECT FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2004

	SCHOOL DISTRICT NO. 1	SCHOOL DISTRICT NO. 2	SCHOOL DISTRICT NO. 3
REVENUES			
Local sources:			
Taxes:			
Sales and use	\$ 116,907	\$ 147,953	\$ 30,305
Interest earnings	2,914	444	443
Total Revenues	<u>119,821</u>	<u>148,397</u>	<u>30,748</u>
EXPENDITURES			
Current:			
Support services:			
General administration	2,724	3,447	706
Business services	424	0	67
Plant services	1,341	106,950	72,098
Capital outlay	36,204	403,683	18,102
Total Expenditures	<u>40,693</u>	<u>514,080</u>	<u>90,973</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>79,128</u>	<u>(365,683)</u>	<u>(60,225)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	0	285,860	0
Transfers out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>285,860</u>	<u>0</u>
Net Change in Fund Balances	79,128	(79,823)	(60,225)
FUND BALANCES - BEGINNING	<u>259,176</u>	<u>112,305</u>	<u>91,416</u>
FUND BALANCES - ENDING	<u>\$ 338,304</u>	<u>\$ 32,482</u>	<u>\$ 31,191</u>

Exhibit 10

SCHOOL DISTRICT NO. 4	SCHOOL DISTRICT NO. 5	TOTAL
\$ 238,261	\$ 19,234	\$ 552,660
8,670	1,603	14,074
<u>246,931</u>	<u>20,837</u>	<u>566,734</u>
5,551	448	12,876
1,126	30	1,647
91,215	22,432	294,036
<u>204,872</u>	<u>19,585</u>	<u>682,446</u>
<u>302,764</u>	<u>42,495</u>	<u>991,005</u>
(55,833)	(21,658)	(424,271)
0	0	285,860
0	0	0
0	0	285,860
(55,833)	(21,658)	(138,411)
<u>841,566</u>	<u>171,470</u>	<u>1,475,933</u>
<u>\$ 785,733</u>	<u>\$ 149,812</u>	<u>\$ 1,337,522</u>

**DeSoto Parish School Board
Mansfield, Louisiana
Agency Funds**

SCHOOL ACTIVITIES FUND: The activities of the various individual school accounts are accounted for in the school activities agency fund. While the accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

DESOTO PARISH SCHOOL BOARD
SCHOOL ACTIVITIES AGENCY FUND
Statement of Changes in Assets and Liabilities
June 30, 2004

Exhibit 11

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
ASSETS				
Cash and cash equivalents	\$ 275,755	\$ 1,122,629	\$ 1,021,250	\$ 377,134
Investments	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Total assets	<u>300,755</u>	<u>1,122,629</u>	<u>1,021,250</u>	<u>402,134</u>
LIABILITIES				
Accounts payable	11,378	27,026	11,378	27,026
Deposits due others	<u>289,377</u>	<u>1,095,603</u>	<u>1,009,872</u>	<u>375,108</u>
Total liabilities	<u>\$ 300,755</u>	<u>\$ 1,122,629</u>	<u>\$ 1,021,250</u>	<u>\$ 402,134</u>

DESOTO PARISH SCHOOL BOARD
SCHOOL ACTIVITIES AGENCY FUND
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 2004

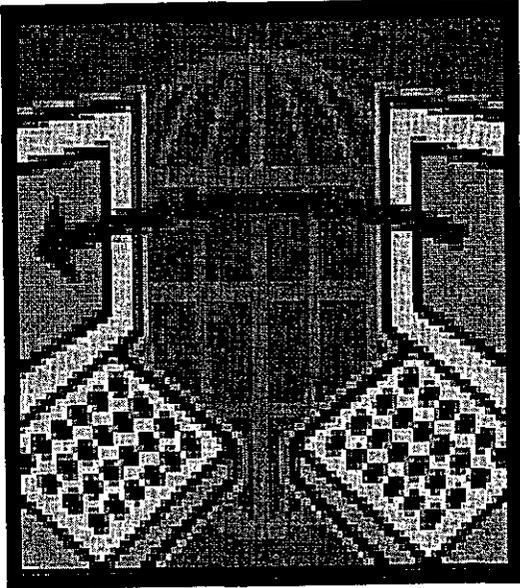
Exhibit 12

<u>SCHOOL</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Logansport Elementary	\$ 7,388	\$ 41,760	\$ 35,321	\$ 13,827
Logansport High	35,191	182,443	166,034	51,600
Mansfield Elementary Middle Pre K-2	9,851	25,280	15,570	19,561
Mansfield Elementary Middle 3-5	6,501	26,616	22,869	10,248
Mansfield Elementary Middle 6-8	15,680	55,183	49,227	21,636
<i>Mansfield Elementary Middle Admin</i>	44	0	44	0
Mansfield High	48,490	229,480	212,268	65,702
North DeSoto Elementary	21,167	54,972	54,309	21,830
<i>North DeSoto Middle</i>	42,507	67,423	66,354	43,576
North DeSoto High	48,173	247,573	211,906	83,840
Pelican High	3,517	53,417	51,047	5,887
Stanley High	60,270	135,721	133,394	62,597
DeSoto Parish Alternative	<u>1,976</u>	<u>2,761</u>	<u>2,907</u>	<u>1,830</u>
 Total	 <u>\$ 300,755</u>	 <u>\$ 1,122,629</u>	 <u>\$ 1,021,250</u>	 <u>\$ 402,134</u>

**DeSoto Parish School Board
Mansfield, Louisiana**

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

**DeSoto Parish School Board
Mansfield, Louisiana**



DESOTO PARISH SCHOOL BOARD
COMPARATIVE SCHEDULE OF CAPITAL ASSETS
BY SOURCES
June 30, 2004

Exhibit 13

	2004	2003
CAPITAL ASSETS:		
Land	\$ 1,495,645	\$ 1,210,645
Land improvements	2,463,987	2,463,987
Buildings and improvements	50,242,281	50,177,907
Furniture and equipment	1,305,977	1,113,466
Vehicles	2,811,454	2,295,311
Construction in progress	62,927	17,315
 TOTAL CAPITAL ASSETS	 \$ 58,382,271	 \$ 57,278,631
 INVESTMENT IN CAPITAL ASSETS:		
Capital Projects Funds	\$ 53,592,505	\$ 53,021,226
General Fund	3,975,563	3,489,154
School Lunch Fund	226,859	190,334
Federal Aid	339,493	330,066
State Aid	5,838	5,838
Gifts and donations	236,947	236,947
School Activity Agency Fund	5,066	5,066
 TOTAL INVESTMENT IN CAPITAL ASSETS	 \$ 58,382,271	 \$ 57,278,631

DESOTO PARISH SCHOOL BOARD

SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY

June 30, 2004

Exhibit 14

<u>FUNCTION AND ACTIVITY</u>	<u>Total</u>	<u>Land and land improvements</u>	<u>Buildings and improvements</u>	<u>Furniture and equipment</u>	<u>Vehicles</u>	<u>Construction in progress</u>
<u>Instructional services:</u>						
Regular and special programs						
High schools	\$ 28,843,516	\$ 1,886,652	\$ 26,398,532	\$ 437,077	\$ 58,325	\$ 62,927
Middle schools	20,026,536	1,229,190	18,618,992	178,354	0	0
Elementary schools	3,355,138	550,799	2,600,266	204,073	0	0
Adult/Continued education	157,086	2,362	146,300	8,424	0	0
 Total Instructional services	 <u>52,382,276</u>	 <u>3,669,003</u>	 <u>47,764,090</u>	 <u>827,928</u>	 <u>58,325</u>	 <u>62,927</u>
<u>Supporting services</u>						
Instructional staff support services and business services	829,319	163,407	398,191	252,574	15,147	0
Plant services	3,580,964	127,222	1,956,500	225,475	1,271,767	0
Student transportation services	1,466,212	0	0	0	1,466,215	0
Noninstructional services - food service operations	123,500	0	123,500	0	0	0
 Total capital assets allocated to functions	 <u>\$ 58,382,271</u>	 <u>\$ 3,959,632</u>	 <u>\$ 50,242,281</u>	 <u>\$ 1,305,977</u>	 <u>\$ 2,811,454</u>	 <u>\$ 62,927</u>

DESOTO PARISH SCHOOL BOARD

**SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the Year Ended June 30, 2004**

Exhibit 15

<u>FUNCTION AND ACTIVITY</u>	<u>BALANCE, BEGINNING</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED BALANCE, BEGINNING</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE, ENDING</u>
<u>Instructional services:</u>						
<i>Regular and special programs:</i>						
High schools	\$ 28,735,182	\$ (99,400)	\$ 28,635,782	\$ 282,815	\$ 75,081	\$ 28,843,516
Middle schools	19,797,824	(109,135)	19,688,689	392,419	54,572	20,026,536
Elementary schools	3,657,623	(374,893)	3,282,730	72,408	0	3,355,138
Adult/Continued education	163,378	0	163,378	0	6,292	157,086
Total Instructional services	52,354,007	(583,428)	51,770,579	747,642	135,945	52,382,276
<u>Supporting services</u>						
Instructional staff support services and business services	826,332	(31,141)	795,191	34,128	0	829,319
Plant services	2,692,037	431,112	3,123,149	457,815	0	3,580,964
Student transportation services	1,804,009	(337,797)	1,466,212	0	0	1,466,212
Noninstructional services - food service operations	123,500	0	123,500	0	0	123,500
Total capital assets	\$ 57,799,885	\$ (521,254)	\$ 57,278,631	\$ 1,239,585	\$ 135,945	\$ 58,382,271

**DeSoto Parish School Board
Mansfield, Louisiana
General**

Exhibit 16

**Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2004**

The schedule of compensation paid School Board members is in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the general fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the *monthly payment method* of compensation. Under this method, each member of the School Board receives \$600 per month. The president receives an additional \$100 per month for performing the duties of the president, while the three members of the budget/finance committee (Executive Committee) receive an additional \$50 per month.

Mr. Thomas Craig, Jr.	\$ 7,800
Mr. Dana Deas	1,200
Mr. Donald B. Dufour	7,500
Mr. McLawrence Fuller	7,800
Mr. Dudley Glenn	7,600
Mrs. Brenda E. Hall	1,400
Mr. Johnny Haynes	7,400
Dr. Neil Henderson	4,200
Mrs. Patricia Hesser	7,200
Mr. L.J. Mayweather, Jr.	7,800
Mr. John Neilson	3,000
Mr. Mark Ross	6,000
Mr. Thomas J. Ryder	4,200
Mr. James Wiggins	1,300
Mr. Mattie Williams	<u>6,000</u>
Total	<u>\$ 80,400</u>

STATISTICAL SECTION

Table 1

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Government-Wide Expenses by Function (1)
Fiscal Years Ended June 30, 2001 through June 30, 2004

	2001	2002	2003	2004
Governmental activities:				
Instruction:				
Regular programs	\$ 11,858,980	\$ 14,383,330	\$ 14,046,017	\$ 15,152,359
Special programs	6,909,465	8,472,250	9,814,467	10,240,351
Adult/continuing education programs	209,246	195,978	261,945	107,739
Support services:				
Pupil support services	1,061,700	1,184,265	1,237,968	1,208,202
Instructional staff support	2,077,959	2,523,993	3,041,098	2,920,386
General administration	982,673	1,088,545	1,140,493	1,588,270
School administration	1,844,141	2,151,169	2,337,729	2,344,862
Business services	443,409	506,698	260,954	569,196
Plant services	4,584,882	4,776,157	4,980,762	3,926,626
Student transportation services	2,570,419	2,729,577	3,158,800	2,841,218
Central services	115,457	139,805	144,249	156,055
Food services	2,443,189	2,548,621	2,588,022	2,712,905
Debt Service - interest on long-term debt	1,171,709	1,067,117	998,853	598,643
Total governmental activities	\$ 36,273,229	\$ 41,767,505	\$ 44,011,357	\$ 44,366,812

Notes:

(1) GASB Statement No. 34 was implemented for the year ended June 30, 2001.

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Government-Wide Revenues (1)
Fiscal Years Ended June 30, 2001 through June 30, 2004

	2001	2002	2003	2004
Program revenues:				
Charges for services	\$ 255,834	\$ 271,767	\$ 287,161	\$ 285,847
Operating grants and contributions	5,066,251	5,688,567	7,773,715	7,788,406
General revenues:				
Taxes:				
Ad Valorem	10,033,493	9,796,552	10,204,534	9,892,920
Sales	4,955,074	6,397,381	7,659,629	8,068,874
State revenue sharing				304,425
Grants and contributions not restricted to specific programs	17,445,447	18,218,123	19,520,709	18,765,973
Unrestricted investment earnings	695,705	342,424	210,284	153,895
Miscellaneous	730,743	679,218	518,926	315,262
Total Governmental Revenues	\$ 39,182,547	\$ 41,394,032	\$ 46,174,958	\$ 45,575,602

Notes:

(1) GASB Statement No. 34 was implemented for the year ended June 30, 2001.

Unaudited - see accompanying independent auditors' report.

Table 3

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

General Expenditures by Function - All Governmental Fund Types (1)
Fiscal Years Ended June 30, 1995 through June 30, 2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Operations:										
Instruction services	\$ 13,915,833	\$ 14,828,112	\$ 16,282,786	\$ 17,608,820	\$ 19,322,338	\$ 19,016,460	\$ 18,746,301	\$ 22,311,843	\$ 24,312,281	\$ 24,758,911
Pupil support services	934,658	915,785	945,088	1,056,295	1,065,527	1,035,654	1,063,943	1,161,946	1,252,080	1,230,744
Instructional staff support	1,221,433	1,343,386	1,472,172	1,758,463	1,912,510	2,040,958	2,067,007	2,553,944	3,083,207	2,959,256
General administration	723,702	720,813	747,544	870,633	888,690	854,797	880,260	1,069,260	1,135,204	1,038,630
School administration	1,222,054	1,324,920	1,529,030	1,713,535	1,896,516	1,773,945	1,855,888	2,096,146	2,331,390	2,306,505
Business services	355,562	332,472	374,265	413,776	404,018	439,879	438,413	480,655	581,782	575,160
Plant services	2,302,026	2,465,109	2,844,588	3,036,721	3,210,512	3,083,458	3,201,451	3,354,931	3,590,400	3,929,584
Student transportation services	2,056,127	2,456,550	2,467,803	2,591,082	2,925,530	2,686,079	2,865,742	2,981,483	3,130,906	2,775,058
Food service	2,108,407	2,170,171	2,282,209	2,367,695	2,516,389	2,359,759	2,424,045	2,535,867	2,587,750	2,631,543
Central services	97,039	98,009	84,815	80,887	86,126	108,658	114,432	131,888	139,762	156,139
Facilities acquisition and construction	2,618,369	956,886	674,325	2,256,143	1,687,488	560,080	597,872	491,255	372,013	1,239,588
Debt service:										
Advanced refunding escrow	6,629	15,135		85,490						
Principal retired	1,512,000	1,507,000	1,573,000	1,729,000	1,914,000	2,069,000	2,186,000	1,935,000	2,090,000	2,211,000
Bond issuance cost	16,555									
Interest, fiscal charge, and fees	1,872,073	1,763,908	1,573,068	1,521,446	1,369,681	1,265,549	1,197,420	1,087,875	933,208	656,225
Total expenditures	\$ 30,962,467	\$ 30,898,236	\$ 32,850,661	\$ 37,004,496	\$ 39,294,815	\$ 37,395,286	\$ 37,740,784	\$ 42,222,093	\$ 45,539,943	\$ 46,468,323

Notes:

(1) The computations include the following funds: General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

Unaudited - see accompanying independent auditors' report.

Table 4

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

General Revenues by Source - All Governmental Fund Types (1)
Fiscal Years Ended June 30, 1995 through June 30, 2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenues from local sources:										
Ad valorem taxes	\$ 6,528,984	\$ 6,235,525	\$ 6,045,141	\$ 9,379,390	\$ 8,782,764	\$ 9,861,342	\$ 10,033,493	\$ 9,786,552	\$ 10,204,534	\$ 9,892,920
Sales and use taxes	4,798,005	7,137,179	4,679,281	5,270,947	5,572,154	4,969,660	4,955,074	6,337,381	7,659,629	8,069,874
Interest earnings	508,598	574,534	557,637	649,739	647,778	674,223	695,705	342,424	205,204	143,031
Other	341,196	337,517	401,721	1,211,439	604,080	1,021,668	492,171	627,645	506,170	729,049
Total revenues from local sources	12,176,783	14,282,755	11,683,780	16,511,515	15,608,786	16,528,893	16,176,443	17,164,002	18,575,537	18,833,874
Revenue from state sources:										
Equalization	13,754,615	14,048,389	14,821,758	16,053,056	16,138,415	15,845,700	17,445,447	18,216,123	19,520,709	18,765,973
Other	1,363,063	1,108,900	925,203	1,343,511	1,581,725	1,244,519	1,234,466	1,231,024	1,332,459	1,272,798
Total revenue from state sources	15,117,678	15,157,289	15,546,961	17,396,567	17,720,140	17,090,219	18,679,913	19,449,147	20,853,168	20,038,771
Revenue from federal sources	3,365,320	3,496,376	3,419,212	3,555,321	3,783,317	3,954,091	4,326,191	4,780,883	6,979,888	6,820,033
Judgments				25,000					75,665	
Total revenues	\$ 30,659,781	\$ 32,937,020	\$ 30,649,953	\$ 37,488,403	\$ 37,090,243	\$ 37,571,203	\$ 39,182,547	\$ 41,384,032	\$ 46,484,268	\$ 45,692,678

Notes:

(1) The computations include the following funds: General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Property Tax Levies and Collections (1)
Fiscal Years Ended June 30, 1995 through June 30, 2004

Fiscal Year	Total School Board Tax Assessment (2)	Current Tax Collections	Percent of Tax Levy Collected (3)	Delinquent Taxes Collected		Total Taxes, Interest, and Penalty Collected	Total Collections As a Percent of Current Tax Levy (3)
				Taxes	Interest and Penalty		
1995	\$ 6,416,514	\$ 6,424,164	100.12%	\$ 3,930	\$ 4,137	\$ 6,432,231	100.24%
1996	6,141,301	6,132,177	99.85%	8,268	7,639	6,148,084	100.11%
1997	5,939,622	5,939,050	99.99%	5,652	7,804	5,952,506	100.22%
1998	9,139,055	8,786,688	96.14%	48,440	25,158	8,860,286	96.95%
1999	8,585,441	8,258,909	96.20%	10,897	19,648	8,289,454	96.55%
2000	9,654,706	9,577,462	99.20%	16,343	19,561	9,613,366	99.57%
2001	9,942,862	9,440,697	94.95%	94,084	6,574	9,541,355	95.96%
2002	9,747,208	9,392,571	96.36%	8,655	5,111	9,406,337	96.50%
2003	10,028,737	9,965,181	99.37%	203,020	6,075	10,174,276	101.45%
2004	9,656,305	9,497,701	98.36%	41,137	1,954	9,540,792	98.80%

Notes:

- (1) Information provided by DeSoto Parish Sheriff (ex officio tax collector).
(2) Includes all adjustments to original levy.
(3) Percentages collected greater than 100% are due to collection of prior years' taxes.

Unaudited - see accompanying independent auditors' report.

Table 6

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Assessed and Estimated Actual Value of Taxable Property (1)
Fiscal years ended June 30, 1995 through June 30, 2004

Fiscal Year	Assessed Value (2)	Estimated		Ratio of Assessed Value to Estimated Actual Value
		Actual Value	Actual Value	
1995	\$ 112,209,519	\$ 1,351,921,915		8.3%
1996	114,436,862	1,378,757,373		8.3%
1997	119,614,363	1,000,000,000		12.0%
1998	191,766,993	1,600,000,000 (3)		12.0%
1999	191,126,014	1,648,000,000		11.6%
2000	197,987,842	1,643,200,800		12.0%
2001	197,415,372	1,645,128,100		12.0%
2002	197,339,755	1,440,436,168		13.7%
2003	200,729,116	1,450,240,000		13.8%
2004	203,034,064	1,799,556,416		11.3%

Notes:

- (1) Information provided by DeSoto Parish Tax Assessor.
(2) Assessed values are established by the DeSoto Parish Tax Assessor on January 1st of each year at approximately 10-15% of actual market value, depending upon the property classification. A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the tax roll of 2000.
(3) Significant increases in the estimated actual value are due to the addition to the tax rolls of previously exempted businesses.

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Property Tax Rates and Tax Levies - All Direct and Overlapping Governments (1)
Fiscal years ended June 30 1995 through June 30, 2004

Fiscal Year	Tax Rates Per \$1,000 of Assessed Value (2)				Total	Tax Levies (3)				Total	
	Library	Assessor	Police Jury	School Board		Sheriff	Assessor	Police Jury	School Board (4)		Sheriff
1995	--	3.45	8.61	40.41	65.44	12.97	\$ 303,107	\$ 756,534	\$ 3,550,296	\$ 1,139,504	\$ 5,749,441
1996	--	3.45	9.66	44.41	70.49	12.97	306,156	857,238	3,940,985	1,150,970	6,255,349
1997	--	3.45	9.66	44.41	70.49	12.97	312,225	874,231	4,019,112	1,173,786	6,379,354
1998	--	3.37	13.66	41.13	71.13	12.97	559,989	2,268,000	6,833,000	2,154,000	11,814,989
1999	--	3.37	13.74	41.16	71.24	12.97	556,050	2,267,100	6,567,000	2,140,050	11,530,200
2000	--	3.37	18.25	39.80	74.39	12.97	575,511	2,170,547	7,565,324	2,214,949	12,526,331
2001	--	3.40	18.40	44.30	79.20	13.10	574,332	3,108,150	8,033,903	2,212,870	13,929,255
2002	--	3.40	22.41	47.56	86.47	13.10	571,201	3,764,883	7,990,096	2,200,804	14,526,984
2003	--	3.40	22.41	47.56	86.47	13.10	577,698	3,807,710	8,080,981	2,225,837	14,692,228
2004	3.00	3.40	22.41	47.56	89.47	13.10	580,140	3,823,799	8,115,129	2,235,243	15,266,198

Notes:

- (1) Includes all parishwide property taxes. Does not include property taxes assessed for (a) individual school districts, (b) municipalities, (c) water districts, (d) fire districts, (e) forestry districts, and (f) levee districts.
- (2) Information provided by DeSoto Parish Tax Assessor.
- (3) Per original rolls as filed by DeSoto Parish Tax Assessor.
- (4) Does not include property tax levies assessed for individual school districts.

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Sales and Use Tax Levies and Collections - All Governments (1)
Fiscal years ended June 30 1995 through June 30, 2004

Fiscal Year	Sales and Use Tax Rates					Tax Collections(4)					
	Parishwide		Municipalities			Parishwide		Municipalities			Total Collections
	School Board	Police Jury	Mansfield	Other (3)	Total Rate (2)	School Board	Police Jury	Mansfield	Other		
1995	2%	1%	1%	3%	4.00%	\$ 4,798,005	\$ 2,225,477	\$ 631,688	\$ 212,580	\$ 7,867,750	
1996	2%	1%	1%	3%	4.00%	7,137,179	2,579,834	693,659	213,426	10,624,098	
1997	2%	1%	1%	3%	4.00%	4,679,281	2,039,211	637,257	217,351	7,573,100	
1998	2%	1%	1%	3%	4.00%	5,270,947	2,591,823	721,383	235,472	8,819,625	
1999	2%	1%	1%	3%	4.00%	5,572,154	2,786,415	760,193	324,501	9,443,263	
2000	2%	1%	1%	3%	4.00%	4,969,660	2,478,680	744,160	294,298	8,486,798	
2001	2%	1%	1%	3%	4.00%	4,955,074	2,453,442	743,018	301,348	8,452,882	
2002	2.5%	1%	1%	3%	4.50%	6,166,690	2,511,673	769,526	288,619	9,736,508	
2003	2.5%	1%	1%	3%	4.50%	7,281,919	2,914,812	778,128	304,461	11,279,320	
2004	2.5%	1%	1%	3%	4.50%	7,833,361	3,141,382	751,352	257,921	11,984,016	

Notes:

- (1) Information provided by DeSoto Parish Sales and Use Tax Commission.
- (2) This rate represents the maximum amount that may be assessed by local taxing authorities. These rates do not include the state sales and use tax rate.
- (3) Includes 1% each for Logansport, South Mansfield, and Stonewall. New sales and use tax levies of 1% each for Grand Cane and Keatchi were effective January 1, 1997.
- (4) Sales tax collections reported by the DeSoto Sales and Use Tax Commission are on the cash basis.

Unaudited - see accompanying independent auditors' report.

Table 9

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Ratio of Net General Obligation Bonded Debt
to Assessed Value and Net General Obligation Bonded Debt Per Capita

Fiscal Years Ended June 30, 1995 through June 30, 2004

Assessment Year	Fiscal Year	DeSoto Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Funds (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	1995	25,226	\$ 112,209,519	\$ 29,846,000	\$ (2,906,999)	\$ 26,939,001	24.01%	1,068
1995	1996	25,479	114,436,862	28,439,000	(3,102,704)	25,336,296	22.14%	994
1996	1997	25,379	119,614,363	27,001,000	(2,798,151)	24,202,849	20.23%	954
1997	1998	25,406	191,766,993	27,632,000	(2,761,828)	24,870,172	12.97%	979
1998	1999	24,735	191,126,014	25,967,000	(2,389,414)	23,577,586	12.34%	953
1999	2000	25,436	197,987,842	23,898,000	(2,149,496)	21,748,504	10.98%	855
2000	2001	25,494	197,415,372	21,710,000	(1,660,858)	20,049,142	10.16%	786
2001	2002	25,496	197,339,755	19,775,000	(1,405,847)	18,369,153	9.31%	720
2002	2003	25,708	200,729,116	17,785,000	(1,303,333)	16,481,667	8.21%	641
2003	2004	25,990	203,034,064	15,664,000	(1,239,870)	14,424,130	7.10%	555

Notes:

- (1) Information provided by the Louisiana Electronic Assistance Program (LEAP) operated by University of Louisiana at Monroe Center for Business and Economic Research (<http://leap.ulg.edu>).
- (2) Assessed value is the Total Assessed Valuation of all property located in DeSoto Parish. Property was assessed at 10% on land and residential property and 15% on commercial property.
- (3) Includes all general obligation bonds, certificates of indebtedness, and sales tax bonds outstanding at June 30, 2004 and the related Debt Service Funds.

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Statement of Direct, Overlapping, and Underlying General Bonded Debt
June 30, 2004

Name of Governmental Unit (1)	Net Debt Outstanding (2)	Percentage Applicable to This Unit	School Board's Share of Debt (3)
Direct			
DeSoto Parish School Board	\$ 14,424,130	100%	\$ 14,424,130
Overlapping			
DeSoto Parish Police Jury	4,085,000	100%	4,085,000
City of Mansfield	3,252,000	100%	3,252,000
Total Overlapping Debt	7,337,000		7,337,000
Total Direct and Overlapping Debt	\$ 21,761,130		\$ 21,761,130

Notes:

- (1) Various taxing districts exist within DeSoto Parish that involve a small percentage of taxpayers. The districts' debt is not included. as the amounts and impact on this schedule is not significant.
- (2) Includes all general bonded debt, certificates of indebtedness, and sales tax bonds outstanding at June 30, 2004 less the related Debt Service Funds.
- (3) This represents the debt of all the constituents who reside within DeSoto Parish.

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Computation of Legal Debt Margin
June 30, 2004

	District No. 1 Logansport	District No. 2 North DeSoto	District No. 3 Stanley	District No. 4 Mansfield	District No. 5 Pelican	Total
Debt limit of school districts:						
Total assessed valuation at December 2003	\$ 21,854,729	63,447,035	11,818,994	100,337,238	5,364,458	\$ 202,822,454
Debt limit percentage (2)	35%	35%	35%	35%	35%	35%
Debt limit for each school district	\$ 7,649,155	22,206,462	4,136,648	35,118,033	1,877,560	\$ 70,987,859
Less - Debt applicable to limitation:						
Outstanding general obligation bonds at June 30, 2004	\$ (2,240,000)	(2,545,000)	(1,155,000)	(6,245,000)	(855,000)	\$ (13,040,000)
Amount of general obligation bonds that could be sold after July 1, 2004 if approved by the public	\$ 5,409,155	19,661,462	2,981,648	28,873,033	1,022,560	\$ 57,947,859

Notes:

- (1) This percentage is in accordance with Act 103 of 1980 Regular Session of the Louisiana Legislature R. S. 39:562(C).
- (2) The legal debt limit is calculated by individual school district for general obligation bonds and does not include sales tax bonds or certificates of indebtedness

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures

Fiscal Years Ended June 30, 1995 through June 30, 2004

Fiscal Year	Debt Service Expenditures			Total General Expenditures (2)	Ratio of Debt Service to General Expenditures (Percent)
	Principal (1)	Interest and Fiscal Charges	Total		
1995	\$ 1,512,000	\$ 1,872,073	\$ 3,384,073	\$ 30,962,467	10.93%
1996	1,507,000	1,763,908	3,270,908	30,898,236	10.59%
1997	1,573,000	1,573,068	3,146,068	32,850,661	9.58%
1998	1,729,000	1,521,446	3,250,446	37,004,496	8.78%
1999	1,914,000	1,369,681	3,283,681	39,294,815	8.36%
2000	2,069,000	1,265,549	3,334,549	37,395,286	8.92%
2001	2,188,000	1,197,420	3,385,420	37,740,784	8.97%
2002	1,935,000	1,097,875	3,032,875	42,222,093	7.18%
2003	2,090,000	933,208	3,023,208	45,539,943	6.64%
2004	2,211,000	656,225	2,867,225	46,468,323	6.17%

Notes:

- (1) Includes general expenditures for General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.
(2) Includes general expenditures for all governmental funds.

Unaudited - see accompanying independent auditors' report.

Table 13

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Demographic Statistics

Fiscal years ended June 30, 1995 through June 30, 2004

Fiscal Year	Population (1)	School Enrollment (2)		Total	Unemployment Rate (1)
		Early Childhood	K-12		
1995	25,226	37	5,470	5,507	8.9%
1996	25,479	111	5,309	5,420	10.5%
1997	25,379	36	5,202	5,238	9.6%
1998	25,406	44	5,171	5,215	6.2%
1999	24,735	89	5,156	5,245	6.7%
2000	25,436	144	5,095	5,239	6.4%
2001	25,494	112	4,996	5,108	6.6%
2002	25,496	282	4,810	5,092	7.7%
2003	25,708	225	4,840	5,065	10.9%
2004	25,990	312	4,691	5,003	10.5%

Notes:

(1) Information provided by the Louisiana Electronic Assistance Program (LEAP) operated by University of Louisiana at Monroe Center for Business and Economic Research (<http://leap.uim.edu>).

(2) Represents the number of active students on October 1 of each school year.

Unaudited - see accompanying independent auditors' report.

Table 14

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Property Value, Construction, and Bank Deposits

Fiscal years ended June 30, 1995 through June 20, 2004

Fiscal Year	Property Value (1)	Bank Deposits (2)
1995	\$ 1,351,921,915	\$ 148,327,000
1996	1,376,757,373	252,509,000
1997	1,000,000,000	289,560,000
1998	1,600,000,000	297,854,000
1999	1,648,000,000	320,331,000
2000	1,643,200,800	343,466,000
2001	1,645,128,100	368,959,000
2002	1,440,436,168	388,035,000
2003	1,450,240,000	397,632,000
2004	1,799,556,416	202,431,000

Notes:

(1) Information provided by the DeSoto Parish Tax Assessor.

(2) Information provided by the Louisiana Electronic Assistance Program (LEAP) operated by University of Louisiana at Monroe Center for Business and Economic Research (<http://leap.ulm.edu>).

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
 Mansfield, Louisiana

Principal Taxpayers
 June 30, 2004

Table 15

Name	Type of Business	Assessed Value	Percentage of Total Assessed Valuation
International Paper Co.	Timber Products	\$ 34,322,934	16.91%
Central LA Electric Co.	Public Utility	30,780,464	15.16%
Southwestern Electric Power	Public Utility	27,707,758	13.65%
El Paso Production Co.	Oil & Gas	4,530,736	2.23%
Dolet Hills Lignite Co. LLC	Lignite Mining	4,031,600	1.99%
J-W Operating Co.	Oil & Gas	2,751,381	1.36%
Northeast Texas Electric	Public Utility	2,751,660	1.36%
Bellsouth Communications	Public Utility	2,504,230	1.23%
Winchester Production Co.	Oil & Gas	2,249,520	1.11%
BP America Production Co.	Public Utility	1,919,220	0.95%
Total for ten principal taxpayers		113,549,503	55.93%
Total for remaining taxpayers		89,484,561	44.07%
Total for all taxpayers		<u>\$ 203,034,064</u>	<u>100.00%</u>

Notes:
 (1) Information provided by the DeSoto Parish Tax Assessor.

Unaudited - see accompanying independent auditors' report.

Table 16

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Principal Employers
June 30, 2004

Name of Business	Type of Business	Number of Employees
DeSoto Parish School Board	Government	795
International Paper Company	Timber Products	525
Georgia Pacific	Timber Products	327
Kellogg - Brown & Root	Industrial Maintenance	240
Dolet Hills Lignite Co.	Lignite Mining	186
DeSoto Regional Health Systems	Health care	185
Hendrix Manufacturing Co.	Manufacturing	126
Dolet Hills Power Plant	Public Utility	100
Wal-Mart	Retail	78
DeSoto Parish Police Jury	Government	77

Notes:

(1) Information provided by the Louisiana Department of Labor.

Unaudited - see accompanying independent auditors' report.

Table 17

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Attendance Data

Fiscal Years Ended June 30, 1995 through June 30, 2004

Fiscal Year	Number of Graduates	Average Daily Membership (1)	Average Daily Attendance	
			Number (2)	Percent of Change
1995	245	5,342	5,059	0.88%
1996	247	5,312	5,043	-0.32%
1997	292	5,292	5,026	-0.34%
1998	260	5,257	5,032	0.12%
1999	249	5,208	4,913	-2.36%
2000	281	5,106	4,859	-1.10%
2001	259	4,949	4,682	-3.64%
2002	245	4,923	4,547	-2.88%
2003	257	5,034	4,736	4.16%
2004	224	4,682	4,467	-5.68%
				94.70%
				94.94%
				94.97%
				95.72%
				94.34%
				95.16%
				94.60%
				92.36%
				94.08%
				95.41%

Notes:

- (1) Represents the daily average number of active students for the school year in grades K-12.
 (2) Represents the daily average number of students in attendance for the school year in grades K-12.

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Miscellaneous Statistical Data
June 30, 2004

Form of Government: Parish School Board
Geographic Area: 879 Square Miles
Population: 25,990
Public School Enrollment: 4,691

Instructional Sites	Date Constructed	School District	Grades Taught	Capacity Sq. Ft.	Acreage	No. of Rated Classrooms	Student Capacity
High Schools:							
DeSoto Alternative	1988	#4	9-12	16,480	4.20	6	90
Logansport	1992	#1	K-12	121,397	53.47	63	970
Mansfield	1959	#4	9-12	87,406	27.34	50	750
North DeSoto	1982	#2	9-12	143,872	37.57	43	700
Pelican	1902	#5	K-12	48,799	42.73	24	400
Stanley	1991	#3	K-12	62,540	40.00	30	500
Middle Schools:							
Mansfield	1994	#4	K-8	216,878	140.30	110	1800
North DeSoto	1994	#2	5-8	70,078	15.00	32	650
Elementary Schools:							
North DeSoto	1988	#2	K-4	65,782	20.00	43	720
Adult Ed.	1975	#4	Age 16+	7,200	0.50	3	62
Total Instructional Sites				840,432	381.11	404	6,642

Non-Instructional Sites	Date Constructed	Number of Buildings	Capacity Sq. Ft.	Acreage	No. of Rated Rooms
Central Office	1956	1	5,287	1.13	16
Food Service Office	1956	1	4,000	0.30	4
Maintenance	1965	2	13,600	1.74	6
Instructional Materials Center	1969	1	14,950	3.36	18
Textbook Warehouse	1981	1	9,200	0.25	2
Special Services Building	1981	1	9,600	1.15	15
Total Non-Instructional Sites			56,637	7.93	61

Unaudited - see accompanying independent auditors' report

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Schedule of Insurance in Force
June 30, 2004

Type of Coverage/ Name of Company	Policy Number	Policy Period		Details of Coverage and Coinsurance	Coverage Limits	Premium
		From	To			
Property damage Royal Indemnity Co.	R2HD325325	7/1/2003	6/30/2004	Blanket Coverage- all property \$100,000 deductible	\$ 69,837,002	\$ 98,994
General Liability Coregis Insurance Co.	651-0004866	7/1/2003	6/30/2004	All property and employees \$25,000 deductible per occur.	1,000,000 per occurrence 2,000,000 aggregate	\$ 69,694
Auto/Fleet Coregis Insurance Co.	651-0004866	7/1/2003	6/30/2004	Specified vehicles \$2,500 deductible (comp) \$2,500 deductible (collision)	1,000,000 liability w/ 10,000 deductible	\$ 98,972
Public Employees Blanket Bond Fidelity & Deposit Co. of MD	CCP 0060077	7/1/2003	6/30/2004	All school board employees \$2,500 deductible	100,000	\$ 4,880
EDP and Musical Instruments Inland Marine Coregis Insurance Co.	651-0004866	7/1/2003	6/30/2004	Blanket coverage- all property \$2,500 deductible	1,293,235	\$ 4,258
School Board Legal Liability Coregis Insurance Co.	SBD-00171	7/1/2003	6/30/2004	Errors and omissions coverage \$25,000 deductible	1,000,000	\$ 16,329
Property loss and damage Hartford Steam Boiler Ins. Co.	FBP7346153-10	7/1/2003	6/30/2004	Boiler and electric motors \$1,000 deductible	6,250,000	\$ 8,184
Workers Compensation Midwest Employers Casualty	2339-SA-LA	7/1/2003	6/30/2004	Blanket coverage - all employees Self-insured retention \$200,000	1,000,000	\$ 32,380

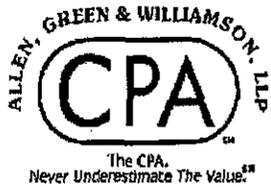
Unaudited - see accompanying independent auditors' report.

**DeSoto Parish School Board
Mansfield, Louisiana**

**Compliance with Single Audit Act Amendment of 1996
And Other Information
For the Year Ended June 30, 2004**

**DeSoto Parish School Board
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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board Members
DeSoto Parish School Board
Mansfield, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeSoto Parish School Board as of and for the year ended June 30, 2004, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Management Letter Items

We noted an immaterial instance of noncompliance which we have reported to management of the School Board in a separate letter dated December 3, 2004, included later in this report.

Internal Control over Financial Reporting

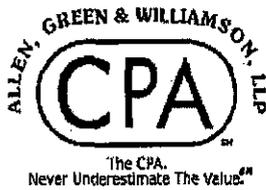
In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 3, 2004



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Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular No. A-133

Board Members
DeSoto Parish School Board
Mansfield, Louisiana

Compliance

We have audited the compliance of DeSoto Parish School Board with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB Circular No. A-133) Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School Board, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 3, 2004. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular No. A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 3, 2004

DeSoto Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>Number</u>	<u>CFDA Grantor No.</u>	<u>Pass-Through Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
School Breakfast Program	10.553	N/A	\$ 381,939
National School Lunch Program	10.555	N/A	<u>1,034,424</u>
Total United States Department of Agriculture			<u>1,416,363</u>
United States Department of Education			
Passed Through Louisiana Department of Education:			
Adult Education - State-Administered			
Basic Grant Program	84.002	N/A	53,477
Title I Grants to Local Educational Agencies			
Basic Grant Program	84.010	04-T1-16	1,487,633
Title I Migrant Education	84.011	04-M1-35-M	19,031
Special Education:			
State Grants - Part B	84.027	04-B1-16	851,131
Preschool Grants	84.173	04-PI-16	42,429
State Program Improvement Grants for Children with Disabilities	84.323	28-04-SP-16	63,271
Vocational Education:			
Basic Grants to States	84.048	28-04-02-16	82,009
Tech-Prep Education	84.243	04-15-4512	15,582
Innovative Education Program			
Strategies - Title VI	84.298	04-IASA-58-VI	31,328
Advanced Placement Program	84.330	280426-16	728
Eisenhower Professional Development			
Improving Teacher Quality (Title II)	84.367	04-50-16	392,496
Reading First State Grants	84.357	N/A	219,484
English Language Acquisition Grant (Title III)	84.365	N/A	10,318
Technology Literacy Challenge	84.318	N/A	255,789
School Comprehensive Reform	84.332	04-T2-16-C	106,529
Title IV (Safe and Drug-Free Schools)	84.186	04-IASA-58-IV	52,365
Rural Education	84.358	04-RE-16	70,204
Even Start	84.213	04-F1-16	5,955
School Renovation - Technology	84.352	03-SG-16	<u>142,018</u>
Total United States Department of Education			<u>3,901,777</u>
United States Department of Health and Human Services			
Direct program - Head Start	93.600	06CH5622/30	73,058
Passed Through the Louisiana Department of Education:			
Payments to States for Child Care Assistance			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	<u>1,263,090</u>
Total United States Department of Health and Human Services			<u>1,336,148</u>

**DeSoto Parish School Board
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2004**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>Number</u>	<u>CFDA Grantor No.</u>	<u>Pass-Through Expenditures</u>
United States Department of Labor			
Passed Through LTC Shreveport - Bossier:			
WIA Youth Activities	17.259	N/A	<u>25,835</u>
TOTAL CASH FEDERAL AWARDS			<u>6,680,123</u>
NONCASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Agriculture and Forestry:			
Food Distribution Program (Commodities)	10.550	N/A	<u>139,910</u>
TOTAL NONCASH FEDERAL AWARDS			<u>139,910</u>
TOTAL FEDERAL AWARDS			<u>\$6,820,033</u>

DeSoto Parish School Board
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the DeSoto Parish School Board, Mansfield, Louisiana. The DeSoto Parish School Board (the "School Board") reporting entity is defined in Note 1 to the School Board's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the School Board's basic financial statements as follows:

Federal Sources

Special Revenue:

Educational Consolidation & Improvement Act - Title I	\$ 1,506,664
Improving Teacher Quality – Title II	392,496
Literacy Challenge - Title III	266,107
Safe and Drug Free Schools – Title IV	52,365
Innovation Education – Title V	31,328
Rural Education Achievement – Title VI	70,204
Special Education	956,831
Early Childhood Programs	1,025,804
Adult Education	84,236
School Food Service	1,556,273
Vocational Education	97,591
Comprehensive School Reform	106,529
Pre-GED	37,558
Workforce Investment Act	25,835
After School For All	247,982
School Renovation	142,018
Reading First	219,484
Advanced Placement	728
Total	<u>\$ 6,820,033</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MATCHING REVENUES For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 - NONCASH PROGRAMS The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture.

**DeSoto Parish School Board
Schedule of Findings and Questioned Costs
As of and For the Year Ended June 30, 2004**

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.
- iii. There were no instances of noncompliance considered material to the financial statements, as defined by the Government Auditing Standards.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance of major federal awards was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal awards are:
 - CFDA #84.010 Title I
 - CFDA #84.367 Title II - Improving Teacher Quality
 - CFDA# 84.357 Reading First State Grants
 - CFDA# 84.352 School Renovation – Technology

 - Special Education Cluster
 - CFDA# 84.027 State Grants – Part B
 - CFDA# 84.173 Preschool Grants

 - Child Nutrition Cluster
 - CFDA#10.553 School Breakfast Program
 - CFDA#10.555 National School Lunch Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as defined in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

DeSoto Parish School Board
Summary Schedule of Prior Audit Findings
June 30, 2004

Finding reference number: **03-F1** **Lack of Compliance with Comparability Requirement**

Initially occurred: Fiscal year ended June 30, 2003

Condition: The School Board may receive funds under Title I only if state and local funds will be used in participating schools to provide services that, taken as a whole, are at least comparable to services that the LEA is providing in schools not receiving Title I funds. In order to determine comparability among schools, the Title I Department has prepared a schedule that compares the average number of students per instructional staff or the average salary per student in each school receiving Title I with those schools that do not received Title I. It was noted that this analysis was not updated during the past two years by the School Board.

Corrective action taken: The School Board adopted a policy to ensure equivalence among schools in teachers, administrators, and other staff and a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

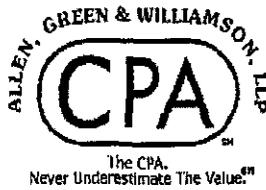
Finding reference number: **03-F2** **Inventory Procedures not Performed**

Initially occurred: Fiscal year ended June 30, 2003

Condition: The equipment and real property management compliance requirement states that equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

The School Board did not perform inventory procedures over the equipment purchased through the School Renovation Technology Grants program during the year.

Corrective action taken: The School Board wrote a capital assets manual and performed a physical inventory on equipment purchased through the School Renovation Technology Grants program during the fiscal year ended June 30, 2004.



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Management Letter

Board Members
DeSoto Parish School Board
Mansfield, Louisiana

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeSoto Parish School Board, as of and for the year ended June 30, 2004, which collectively comprise the School Board's basic financial statements, we considered the School Board's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we noted a certain matter involving another operational matter that is presented for your consideration. This letter does not affect our report dated December 3, 2004, on the basic financial statements of the School Board. We will review the status of this comment during our next audit engagement. Our comment and recommendation, all of which have been discussed with appropriate members of management, is intended to result in other operating efficiency. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment is summarized as follows:

03-M1 Investment Transactions

Comment: According to School Board policy, all investment transactions, purchases and redemptions, require two signatures upon initiation. When testing the investment transactions during the year, the School Board did not have two signatures for the redemption of investments.

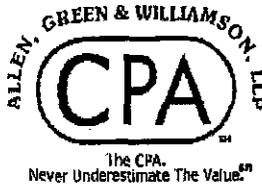
Recommendation: The School Board should ensure that the investment policy is followed for all investment transactions.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of and for the year ended June 30, 2004, which collectively comprise the School Board's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and use of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green + Williamson, LLP
ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 3, 2004



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board Members
DeSoto Parish School Board
Mansfield, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of DeSoto Parish School Board, Mansfield, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the reports. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1st.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555)

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

Class Size Characteristics Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of ten classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Comment: Of the ten classes that we selected to test, two of them had differences in enrollment counts between the roll books and the input sheets that were used to prepare the annual school report. In one instance, the difference was due to three students entering in August. The other difference could not be explained.

Louisiana Educational Assessment Program (LEAP) for the 21st century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

The Graduation Exit Exam for the 21st Century(Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

The Iowa Tests(Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the DeSoto Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
October 19, 2004

DeSoto Parish School Board
General Fund Instructional and Support Expenditures
as of and for the year ended June 30, 2004

	<u>Data</u>
General Fund Instructional and Equipment Expenditures:	
General Fund Instructional Expenditures:	
Teacher and Student Interaction Activities:	
Classroom Teacher Salaries	\$13,276,987
Other Instructional Staff Salaries	1,320,683
Instructional Staff Employee Benefits	4,943,005
Purchased Professional and Technical Services	74,944
Instructional Materials and Supplies	891,505
Instructional Equipment	<u>95,699</u>
Total Teacher and Student Interaction Activities	\$20,602,823
Other Interaction Activities	\$598,388
Pupil Support Activities	\$1,000,980
Less: Equipment for Pupil Support Activities	<u>(15,773)</u>
Net Pupil Support Activities	985,207
Instructional Staff Services	\$1,859,314
Less: Equipment for Instructional Staff Services	<u>(61,914)</u>
Net Instructional Staff Activities	\$1,797,400
Total General Fund Instructional Expenditures	\$23,983,818
Total General Fund Instructional Equipment Expenditures	\$173,386

Note:

This schedule includes General Fund instructional and equipment expenditures. This data is presented annually in the MFP 70% Expenditure Requirement Report.

DeSoto Parish School Board
Certain Local Revenue Sources
as of and for the year ended June 30, 2004

	<u>Data</u>
Certain Local Revenue Sources	
Local Taxation Revenue:	
Constitutional Ad Valorem Tax	\$770,353
Renewable Ad Valorem Tax	7,264,231
Debt Service Ad Valorem Tax	1,858,339
Up to 1% Collections by the Sheriff on Taxes Other than School Ta	196,073
Sales and Use Taxes	<u>8,068,875</u>
Total Local Taxation Revenue	<u>\$18,157,871</u>
Local Earnings on Investment in Real Property:	
Earnings from 16th Section Property	\$16,617
Earnings from Other Real Property	<u>17,433</u>
Total Local Earnings on Investment in Real Property	<u>\$34,050</u>
State Revenue in Lieu of Taxes:	
Revenue Sharing - Constitutional Tax	\$27,775
Revenue Sharing - Other Taxes	263,496
Revenue Sharing - Excess Portion	0
Other Revenue in Lieu of Taxes	<u>0</u>
Total State Revenue in Lieu of Taxes	<u>\$291,271</u>
State Revenues for Non-public Education	
Non-public Textbook Revenue	\$6,152
Non-public Transportation Revenue	<u>0</u>
Total State Revenue for Non-public Education	<u>\$6,152</u>

Note:

This schedule includes local taxation revenue, earnings on investments, revenue in lieu of taxes, and non-public textbook and transportation revenue. This data is used in the Minimum Foundation Program (MFP) formula.

DeSoto Parish School Board
Education Levels of Public School Staff
as of October 1, 2003

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Un-certificated		Certificated		Un-certificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Bachelor's Degree	291	77.8%	0	0.0%	1	4.2%	0	0.0%
Master's Degree	52	13.9%	0	0.0%	11	45.8%	0	0.0%
Master's Degree + 30	26	7.0%	0	0.0%	12	50.0%	0	0.0%
Specialist in Education	3	0.8%	0	0.0%	0	0.0%	0	0.0%
Ph.D. or Ed.D.	2	0.5%	0	0.0%	0	0.0%	0	0.0%
Total	374		0		24		0	

Note:

- (1) This schedule provides the number and percentage of full time classroom teachers, differentiating those having a teacher certificate and those without a teaching certificate, as well as, the number and percentage of full time classroom teachers, and the number and percentages of principals and assistant principals with education levels.
- (2) Full-Time Classroom Teachers, employed as of October 1, are defined with LAUGH guidelines as having an Object Code of 112 and an accompanying function code within the 1000 series and assigned teaching responsibilities that compromise more than 50% of the individuals duties.
- (3) Principals and assistant principals , employed as of October 1, are defined in accordance with LAUGH guidelines as having an object code of 111 with an accompany function code of 2410 and 2420. These employees are concerned with directing and managing the operation of a particular school. If the a principal or assistant principal *is also assigned a teaching responsibilities that comprise more than 50% of his or her duties, then the principal should be included in the court as a classroom teacher.*
- (4) Certificated Teachers / Principals / Assistant Principals: Teaching certificates are issued to those qualified professionals authorized to teach or perform designated duties in the schools under the jurisdiction of the Louisiana State Board of Elementary and Secondary Education based on their completion of an approved teacher education program and all other legal requirements. These requirements are referred to the Louisiana Standards for State Certification of School Personnel - Bulletin 746 published by the State Department of Education.

DeSoto Parish School Board
Number and Type of Public Schools
as of and for the year ended June 30, 2004

	<u>Number</u>
Elementary Schools	4
Middle/Junior High Schools	2
High Schools	4
Combination Schools	<u>3</u>
Total	13

Note:

- (1) This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently report to the Louisiana Legislature in the Annual Financial and Statistical Report (AFSR).
- (2) Elementary School - Any school whose grade structure falls within the range PK-8 and does not fit the definition for Middle/Junior High School.
- (3) Middle/Junior High School - Any school whose grade structure within the range 4-9, includes grades 7 or 8, and excludes PK-3 and 10-12.
- (4) High School - Any school whose grade structure falls within the range 6-12 and includes grades in 10-12 range, or any school that includes only grade 9.
- (5) Combination School - Any school whose grade structure falls within the range PK-12 and is not described by any of the above definitions. These schools generally contain some grades in the K-6 range and some grades in the 9-12 range. Examples include grade structures such as K-12; K-3 plus 9-12; and 4-6 plus 9-12. Non-graded schools (schools with no grade structure) are also considered combination schools.

DeSoto Parish School Board
Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
as of October 1, 2003

Category	Total Years Experience							Total
	0-1	2-3	4-10	11-14	15-19	20-24	25 +	
Assistant Principals	0	0	0	2	3	3	4	12
Principals	0	0	1	2	3	2	4	12
Classroom Teachers	46	34	110	34	45	37	68	374
Total	46	34	111	38	51	42	76	398

Note:

- (1) This schedule includes the number of public school principals, assistant principals and full time classroom teachers grouped by varying years of experience in the teaching profession. Selective criteria for employees reported on this schedule are (a) be employed as of October 1, (2) have job responsibilities within their assigned classification that comprise more than 50% of the individual's job duties, and (3) meet the definitions contained within the Louisiana Accounting and Uniform Governmental Handbook (LAUGH) for their respective job classification.
- (2) Principals and assistant principals, employed as of October 1, are defined in accordance with LAUGH guidelines as having an object code of 111 with an accompany function code of 2410 and 2420. These employees are concerned with directing and managing the operation of a particular school. If the principal or assistant principal is also assigned teaching responsibilities that comprise more than 50% of his or her duties, then the principal should be included in the count as a classroom teacher.

DeSoto Parish School Board
Public School Staff Data: Average Salaries
as of and for the year ended June 30, 2004

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teacher's Salary Including Extra Compensation	\$38,219.82	\$38,070.91
Average Classroom Teacher's Salary Excluding Extra Compensation	\$37,727.21	\$37,567.59
Number of Teacher Full Time Equivalents (FTEs) used in Computation of Average Salaries	374.97	366.99

Note:

- (1) This schedule depicts the full time equivalent (FTE) and calculated average salaries (with and without extra compensation) for all classroom teachers and for all classroom teachers excluded ROTC and rehired retirees. The schedule reflects district staff data reported to the Louisiana Department of Education in the End-of-Year Profile of Education Personnel (PEP) Report, which is subsequently reported to the Legislature in the Annual Financial and Statistical Report (AFSR). The data excludes day-to-day substitutes and temporary employees.

DeSoto Parish School Board
Class Size Characteristics
as of October 1, 2003

Category	Class Size Range							
	1 - 20		21 - 26		27 - 33		34 +	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	88.4%	114	11.6%	15				
Elementary Activity Classes	85.7%	36	11.9%	5	2.4%	1		
Middle / Jr. High	46.1%	117	48.4%	123	5.5%	14		
Middle / Jr. High Activity Classes	49.0%	24	28.6%	14	18.4%	9	4.1%	2
High	49.2%	184	32.1%	120	18.7%	70		
High Activity Classes	51.2%	21	14.6%	6	19.5%	8	14.6%	6
Combination	76.7%	132	15.7%	27	7.6%	13		
Combination Activity Classes	47.8%	11	21.7%	5	13.0%	3	17.4%	4

Note:

The Louisiana Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

Schedule 7-a

DeSoto Parish School Board
 Louisiana Educational Assessment Program (LEAP 21) for the 21st Century
 as of and for the year ended June 30, 2004

4th Grade Students	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	9	2.2%	0	0.0%	2	0.5%	4	1.0%	3	0.8%	6	1.5%
Proficient	51	12.6%	19	4.8%	38	9.4%	34	8.4%	24	6.1%	22	5.4%
Basic	153	37.7%	167	42.3%	162	40.1%	142	35.0%	143	36.3%	141	34.9%
Approaching Basic	108	26.6%	140	35.4%	147	36.4%	113	27.8%	121	30.7%	111	27.5%
Unsatisfactory	85	20.9%	69	17.5%	55	13.6%	113	27.8%	103	26.1%	124	30.7%
Total	406		395		404		406		394		404	

4th Grade Students	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	5	1.2%	9	2.3%	9	2.2%	6	1.5%	2	0.5%	1	0.2%
Proficient	51	12.6%	44	11.2%	31	7.7%	49	12.1%	29	7.4%	14	3.5%
Basic	162	39.9%	137	34.8%	162	40.1%	181	44.6%	175	44.4%	167	41.3%
Approaching Basic	133	32.8%	154	39.1%	150	37.1%	97	23.9%	117	29.7%	137	33.9%
Unsatisfactory	55	13.5%	50	12.7%	52	12.9%	73	18.0%	71	18.0%	85	21.0%
Total	406		394		404		406		394		404	

Note:

(1) This schedule represents student performance testing data and district summary scores for grade 4 in English Language Arts, Mathematics, Science, and Social Studies.

Schedule 7-b

DeSoto Parish School Board
 Louisiana Educational Assessment Program (LEAP 21) for the 21st Century
 as of and for the year ended June 30, 2004

8th Grade Students	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	6	1.6%	3	0.8%	4	1.3%	7	1.7%	16	4.1%	0	0.0%
Proficient	48	12.6%	59	16.1%	45	14.4%	19	4.7%	18	4.6%	11	3.4%
Basic	130	34.2%	154	42.1%	117	37.5%	180	44.9%	166	42.0%	142	44.1%
Approaching Basic	141	37.1%	108	29.5%	128	41.0%	100	24.9%	98	24.8%	97	30.1%
Unsatisfactory	55	14.5%	42	11.5%	18	5.8%	95	23.7%	97	24.6%	72	22.4%
Total	380		366		312		401		395		322	

8th Grade Students	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	3	0.8%	0	0.0%	2	0.6%	1	0.3%	0	0.0%	2	0.6%
Proficient	36	9.7%	41	11.3%	26	7.9%	30	8.1%	18	5.0%	25	7.6%
Basic	117	31.5%	138	38.0%	126	38.3%	156	41.9%	150	41.3%	146	44.5%
Approaching Basic	132	35.5%	132	36.4%	116	35.3%	103	27.7%	101	27.8%	92	28.0%
Unsatisfactory	84	22.6%	52	14.3%	59	17.9%	82	22.0%	94	25.9%	63	19.2%
Total	372		363		329		372		363		328	

Note:

(1) This schedule represents student performance testing data and district summary scores for grade 8 in English Language Arts, Mathematics, Science, and Social Studies.

Schedule 8

DeSoto Parish School Board
 The Graduation Exit Examination for the 21st Century (GEE 21)
 as of and for the year ended June 30, 2004

10th & 11th Grade Students	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0.0%	2	0.6%	2	0.6%	14	4.1%	10	2.7%	11	3.0%
Proficient	36	10.6%	20	5.9%	35	10.7%	35	10.2%	31	8.4%	45	12.3%
Basic	132	38.7%	133	39.2%	136	41.7%	137	39.9%	146	39.5%	122	33.4%
Approaching Basic	98	28.7%	95	28.0%	84	25.8%	70	20.4%	70	18.9%	72	19.7%
Unsatisfactory	75	22.0%	89	26.3%	69	21.2%	87	25.4%	113	30.5%	115	31.5%
Total	341		339		326		343		370		365	

10th & 11th Grade Students	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	1	0.4%	2	0.7%	1	0.4%	1	0.4%	0	0.0%	1	0.4%
Proficient	21	7.6%	27	9.7%	26	9.4%	10	3.6%	10	3.6%	13	4.7%
Basic	114	41.2%	113	40.5%	77	27.7%	150	54.2%	150	53.8%	89	32.0%
Approaching Basic	80	28.9%	84	30.1%	83	29.9%	74	26.7%	82	29.4%	86	30.9%
Unsatisfactory	61	22.0%	53	19.0%	91	32.7%	42	15.2%	37	13.3%	89	32.0%
Total	277		279		278		277		279		278	

Note:

This schedule represents student performance testing data and district summary scores for grades 10 and 11 in English Language Arts, Mathematics, Science, and Social Studies.

DeSoto Parish School Board
The Iowa Tests
as of and for the year ended June 30, 2004

	Composite					
	2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent
<i>Test of Basic Skills (ITBS)</i>						
Grade 3	391	48.0%	386	44.0%	340	44.0%
Grade 5	349	55.0%	358	55.0%	282	47.0%
Grade 6	388	43.0%	413	37.0%	316	44.0%
Grade 7	440	46.0%	393	43.0%	316	47.0%
<i>Tests of Educational Development (ITED)</i>						
Grade 9	448	45.0%	313	47.0%	269	44.0%

NOTE:

The Iowa Tests used in Louisiana are norm-referenced achievement tests that are standardized nationally, allowing the comparison of performance between students tested within the national sample. (Students included in the norm-referenced reports are those that take The Iowa Tests without most accommodations / modifications such as extended time allowances, etc., to the testing conditions.)

The summary score reported is the National Percentile Rank, showing relative position or rank as compared to a large representative sample of students in the same grade from the entire nation.



DeSoto Parish School Board

201 Crosby Street - Mansfield, Louisiana 71052 - (318) 872-2836 - FAX (318) 872-1324



WALTER C. LEE
Superintendent

December 16, 2004

DeSoto Parish School Board Members
201 Crosby Street
Mansfield, LA 71052

RE: Administration's Response to the Management Letter

Dear Board Members:

We have reviewed the Management Letter of December 3, 2004, from the Board's independent auditor and offer the following responses:

Investment Transactions

The DeSoto Parish School Board invests all monies not immediately needed in certificates of deposit. For fiscal year 2003-04, the maturities of these CDs range from 157 days to 1 year, with an average maturity of 287 days and an average yield of \$1.40%.

The audit found a certificate of deposit, which was re-invested, was signed by the Accountant. Board policy requires the signature of two employees. We agree with the auditors and will begin making the necessary changes.

Walter C. Lee, Superintendent
DeSoto Parish Schools

Steven Stanfield, Director of
Business Services

cc: Legislative Auditor
Louisiana State Department of Education
Allen, Green and Williamson, LLP



DeSoto Parish School Board

201 Crosby Street - Mansfield, Louisiana 71052 - (318) 872-2836 - FAX (318) 872-1324



WALTER C. LEE
Superintendent

MEMO

TO: Steven Stanfield, Director of Business Affairs
FROM: Todd Lintzen, Director of Instruction T.L.
RE: Student count
DATE: December 14, 2004

The explanation for the discrepancies in the sampling of the class record books at Logansport Elementary School and North DeSoto Elementary School are as follows:

School: Logansport Elementary
Teacher: M. Creech
Grade: 1st

Teacher M. Creech lists 24 students in her grade book for the 2003-2004 school year. All four students entered school after October 1, 2004. One of the four students entered LES November 10, 2004; the second student entered LES January 14, 2004, but withdrew February 20, 2004; the third student entered LES February 2, 2004; the fourth student entered LES April 15, 2004. Therefore, there were 20 students listed in the grade book as of October 1, 2003.

School: North DeSoto Elementary
Teacher: Lynch
Grade: K

Teacher Lynch lists 21 students in her grade book for the 2003-2004 school year. Two of the 19 students entered school after October 1, 2004. One student entered NDES November 17, 2003; the other student entered NDES March 10, 2004. Therefore, there were only 19 students listed in the grade book as of October 1, 2003.